

STEPS FOR PARTICIPATION IN THE PLAN

1. Employee estimates expenses for pre-tax payroll deductions based on his/her personal needs.*
2. Deductions are made on a pre-tax basis and placed in segregated accounts. Separate accounting is maintained for each Flexible Spending Account category (General-Purpose Medical, Limited-Purpose Medical, Post-Deductible Medical, Dependent Care, and Individual Premiums).
3. Employee incurs expenses.
4. Employee submits the claim by filing a reimbursement form along with a copy of the appropriate billing statement, receipt, Explanation of Benefits (EOB), etc. identifying service date and description of services provided.
5. Claim is reviewed for eligibility by Benefits Design Group, Inc. staff.
6. Employee is reimbursed for eligible expenses based upon a pre-determined schedule, provided the account has been funded.

*It is important to estimate your expenses conservatively. Under current tax laws, any money left in your account at the end of the plan year will be forfeited. Elections are made for the entire plan year, and can only be altered through a qualified change in status.

BENEFITS DESIGN GROUP, INC.

P.O. Box 370 • Onalaska, WI 54650
1-800-554-7213 • 1-800-342-8235
www.bdgflex.com

WE MAKE PARTICIPATION SIMPLE!

- ▶ Competent staff available to answer questions regarding your Flexible Spending Account.
- ▶ Toll-free customer service assistance provides:
 - a. Assistance with enrollment
 - b. Assistance with reimbursement
 - c. Current account information
- ▶ All forms necessary for participation, reimbursements and adjustments to your account.
- ▶ Account summary statements per reimbursement and during the last quarter of the plan year.
- ▶ Reimbursements as scheduled.
- ▶ Internet Access to account information.

WHAT EFFECT WILL THE FLEXIBLE BENEFIT PLAN HAVE ON SOCIAL SECURITY BENEFITS?

When an employee uses Flexible Benefits, their potential retirement and/or disability benefits under Social Security could be reduced. The employee may wish to set aside a portion of the tax savings to help offset any difference in Social Security. Investing a portion of the tax savings in the company's retirement plan or in a private savings plan will generally offset the reduction.

BDG006-7/06

*Find out how to
increase your spendable
income through...*

**Benefits
Design
Group, inc.**

FLEXIBLE BENEFITS
(I.R.C. SECTION 125)

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WHAT IS A FLEXIBLE BENEFIT PLAN?

A great way to help you increase your spendable income while reducing your payroll taxes!

A Flexible Benefit Plan is a pre-tax payroll deduction plan that allows employees to set aside dollars for eligible insurance, medical, dental, optical and daycare expenses before Federal, State, and Social Security taxes are applied. The effect is a reduction of taxes paid which results in an increase in employees' spendable income. **That's an average savings of 25%!** Savings are immediate and can be used for everyday expenses like groceries and gasoline, or set aside in your personal savings account for rainy day expenses like vacations or shopping trips.



HOW DOES THE PLAN WORK?

Here is an example of how you can meet your individual and family needs and increase your spendable income with a Flexible Benefit Plan. The example employee is married claiming 2 exemptions.

DESCRIPTION	WITHOUT	WITH
Gross Pay / Monthly	\$1600.00	\$1600.00
PreTax Deductions:		
Group Medical Premiums		50.00
General-Purpose Medical		45.00
Dependent Care		200.00
WAGES SUBJECT TO TAX	\$1600.00	\$1305.00
Federal Tax Withheld	109.38	76.75
Social Security Tax	122.40	99.83
*State Tax Withheld	63.98	48.20
Group Medical Premiums	50.00	
General-Purpose Medical	45.00	
Dependent Care	200.00	
SPENDABLE INCOME	\$1009.24	\$1080.22

Net **INCREASE** in Spendable Income: **\$70.98**

** varies by state (Minnesota State Tax)*

WHAT EXPENSES ARE ELIGIBLE FOR PRE-TAX DEDUCTION?

- Employee contributions to employer sponsored insurance premiums:**
 - ✓ Medical
 - ✓ Dental
 - ✓ Disability
 - ✓ Optical
 - ✓ Term Life (maximum \$50,000)
 - ✓ Accident
 - ✓ Hospital Indemnity
 - ✓ Intensive Care
 - ✓ Cancer
- General-Purpose Medical Expenses:**
 - ✓ Deductible
 - ✓ Co-insurance
 - ✓ Prescription Drugs
 - ✓ Dental Expenses
 - ✓ Orthodontia
 - ✓ Hearing Exams
 - ✓ Vision Correction Procedures (Laser Eye Surgery)
 - ✓ Annual Physicals
 - ✓ Chiropractic
 - ✓ Psychotherapy
 - ✓ Eye Exams
 - ✓ Contacts/Glasses
 - ✓ And Many More
- Limited-Purpose Medical Expenses:**
 - ✓ Rx Glasses
 - ✓ Lasik Eye Surgery
 - ✓ Contact Lenses
 - ✓ Dental Fees (crowns, bridges, fillings, cleanings)
 - ✓ Orthodontia
 - ✓ Rx Sunglasses
 - ✓ Eye Exam
 - ✓ Contact Lens Supplies
 - ✓ Preventative Care
- Post-Deductible Medical Expenses:**
 - ✓ All Limited-Purpose Medical Expenses listed above.
 - ✓ General-Purpose Medical Expenses after HSA deductible is satisfied.**

***Participant Certification and proof required.*
- Dependent Care:**
 - ✓ Daycare Centers
 - ✓ After School Daycare
 - ✓ Summer Day Camp
 - ✓ Preschool
- Individual Premiums (Employee owned policies only.):**
 - ✓ Medical
 - ✓ Dental
 - ✓ Disability
 - ✓ Optical
 - ✓ Medicare Supplement
 - ✓ Accident
 - ✓ Hospital Indemnity
 - ✓ Intensive Care
 - ✓ Cancer
- Health Savings Account Contributions**