As health care costs continue to soar, employers strive to find employee benefit programs that help reduce the financial burden put on employees. One such arrangement, established by the IRS, is the Flexible Spending Account (FSA). As an employee, you save money by reducing your taxable income. The funds you elect are set aside from your paycheck pre-tax to reimburse you for qualified expenses for yourself, your spouse, and any qualifying dependents.
### Why Use Flexible Spending Accounts?

You save Federal, State and FICA taxes on the money you set aside. This is an example of the increase in net disposable income that you can experience by using Flexible Spending Accounts.

### Important Information

**No Rollover:**
You must enroll each plan year. Elections do not roll over from year to year.

**Use-it-or-Lose-it:**
Claim Deadlines Apply. If funds remain in the account at the end of the claim deadline they will be forfeited to the plan year sponsor. The claim reimbursement deadline is indicated on your claim form.

**Uniform Reimbursement:**
After your first Medical FSA contribution to the plan, you will have access to the total amount you have elected for the year regardless of the balance in your spending account.

**Termination, Retirement, Leave of Absence:**
Any expenses submitted for reimbursement in either the medical or dependent care spending accounts must be incurred during the claims incurrence period while you are enrolled in the program.

---

<table>
<thead>
<tr>
<th></th>
<th>Participating in an FSA</th>
<th>Not Participating in an FSA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Salary Before Taxes</strong></td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical FSA Contribution</td>
<td>-$1,500</td>
<td>$0</td>
</tr>
<tr>
<td>Dependent Care FSA Contribution</td>
<td>-$4,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Taxable Income</strong></td>
<td>$24,500</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Estimated Taxes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(based at 25% for Federal &amp; FICA)</td>
<td>-$6,125</td>
<td>-$7,500</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Expenses</td>
<td>$0</td>
<td>-$1,500</td>
</tr>
<tr>
<td>Dependent Care Expenses</td>
<td>$0</td>
<td>-$4,000</td>
</tr>
<tr>
<td><strong>Net Disposable Income</strong></td>
<td>$18,375</td>
<td>$17,000</td>
</tr>
<tr>
<td><strong>Estimated Savings</strong></td>
<td>$1,375</td>
<td></td>
</tr>
</tbody>
</table>

**COBRA Continuation:**
You may continue your participation in the Medical Flexible Spending Account through the election of COBRA. Please contact your Human Resources Department for further information.

**Status Changes:**
Since your initial election is for the entire year, you may only change the allocation during the plan year if you have a qualifying status change event. You must notify your employer within 30 days of any status change event in order to change your election. Contact your Human Resources Department or visit our web site for further information. Please see your Summary Plan Description (SPD) for details.

**Separate Accounts:**
The Medical and Dependent Care Flexible Spending Accounts may not be co-mingled.

**Submit Expenses for Qualified Dependents:**
Regardless of who is covered on your medical insurance, the Medical Flexible Spending Account may reimburse eligible expenses for your spouse and dependents as long as they qualify as a dependent.

Log on to www.flores247.com to view the medical reimbursement schedule for your group.
Dependent Care Flexible Spending Account

The Dependent Care FSA can reimburse you for day-care expenses provided for your dependents so that you (and your spouse, if you are married) can work. Care must be for a dependent child under age 13 or a dependent of any age that lives in your household that is incapable of self-care.

Eligible Expenses:
- Preschools
- Before and After School Care
- Day Camps

File Your Dependent Care Claims

You may file your claims at any time during the plan year but they must be postmarked by the claims deadline indicated on your claim form. If you fax your claim, it must be faxed by midnight EST on the annual claims deadline indicated on your claim form.

RECEIVE REIMBURSEMENT:

Reimbursements will be mailed to your home address or you may set up direct deposit so the funds can be deposited directly to your bank account. In order to establish direct deposit, please complete the Direct Deposit Authorization form and return it to the fax number or address on the form. You can also upload your completed form over our secure website, www.flores247.com, after you enroll in the FSA and receive your Participant ID and Password to access the site. Once the form is received, it will take approximately two weeks to verify the information through your bank. If you are already participating in the direct deposit program for your FSA accounts, you do not need to fill out another direct deposit form unless your banking information changes.

MAIL CLAIMS:
Claims Processing
PO Box 31397
Charlotte, NC 28231

FAX CLAIMS:
704-335-0818 or 800-726-9982

UPLOAD CLAIMS:
www.flores247.com
You may scan your claim and upload it to our secure website.

Dependent Care Worksheet

FIRST: Use the Dependent Care Expense Worksheet to help you estimate what your dependent care expenses will be for the plan year.

NEXT: Based on your estimate, decide how much of your salary you want to set aside in your Medical Spending Account. The number of payroll deductions will be determined by the number of paychecks you expect to receive during the plan year. It is important to remember to be conservative in your estimates. Enter only those expenses you feel confident that you will incur during the claims incurrence period that are not covered by insurance. You will forfeit any unused funds at the end of the plan year.

Projected Amount

<table>
<thead>
<tr>
<th>Month</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$</td>
</tr>
<tr>
<td>February</td>
<td>$</td>
</tr>
<tr>
<td>March</td>
<td>$</td>
</tr>
<tr>
<td>April</td>
<td>$</td>
</tr>
<tr>
<td>May</td>
<td>$</td>
</tr>
<tr>
<td>June</td>
<td>$</td>
</tr>
<tr>
<td>July</td>
<td>$</td>
</tr>
<tr>
<td>August</td>
<td>$</td>
</tr>
<tr>
<td>September</td>
<td>$</td>
</tr>
<tr>
<td>October</td>
<td>$</td>
</tr>
<tr>
<td>November</td>
<td>$</td>
</tr>
<tr>
<td>December</td>
<td>$</td>
</tr>
<tr>
<td>TOTAL PLANNED DEPENDENT CARE EXPENSES FOR PLAN YEAR</td>
<td>$</td>
</tr>
</tbody>
</table>

Divide by number of pay periods in this plan year

AMOUNT OF DEDUCTION PER PAY PERIOD

$
Medical Flexible Spending Account

Your Medical FSA can reimburse you for eligible expenses you or your dependents have incurred which are not paid by your existing health care plan.

Eligible Expenses:
- Medical co-payments and deductibles
- Permissible over-the-counter items*
- Vision expenses such as exams, eyeglasses, contacts and
- LASIK surgery
- Dental expenses excluding cosmetic procedures
- Orthodontia payments

File Your Medical Claims
You may file your claims at any time during the plan year but they must be postmarked by the claims deadline indicated on your claim form. If you fax your claim, it must be faxed by midnight EST on the annual claims deadline indicated on your claim form.

RECEIVE REIMBURSEMENT:
Reimbursements will be mailed to your home address or you may set up direct deposit so the funds can be deposited directly to your bank account. In order to establish direct deposit, please complete the Direct Deposit Authorization form and return it to the fax number or address on the form. You can also upload your completed form over our secure website, www.flores247.com, after you enroll in the FSA and receive your Participant ID and Password to access the site. Once the form is received, it will take approximately two weeks to verify the information through your bank. If you are already participating in the direct deposit program for your FSA accounts, you do not need to fill out another direct deposit form unless your banking information changes.

Mail Claims:
Claims Processing
PO Box 31397
Charlotte, NC 28231

Fax Claims:
704-335-0818 or 800-726-9982

Upload Claims:
www.flores247.com:
You may scan your claim and upload it to our secure website.

All receipts for reimbursement must include the following information:
1. Date of Service
2. Description of Service
3. Out-of-Pocket Cost
4. Provider Name
5. Patient Name

Medical Worksheet

FIRST: Use the Medical Expense Worksheet to help you estimate your out-of-pocket health care expenses for the plan year. You may include expenses for anyone who qualifies as a dependent (in most cases your spouse, children, etc).

NEXT: Based on your estimate, decide how much of your salary you want to set aside in your Medical Spending Account. The number of payroll deductions will be determined by the number of paychecks you expect to receive during the plan year. It is important to remember to be conservative in your estimates. Enter only those expenses you feel confident that you will incur during the claims incurrence period that are not covered by insurance. You will forfeit any unused funds at the end of the plan year.

Medical Expenses

<table>
<thead>
<tr>
<th>Medical Expenses</th>
<th>Projected Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductibles</td>
<td>$</td>
</tr>
<tr>
<td>Co-pays/Co-insurance</td>
<td>$</td>
</tr>
<tr>
<td>Routine Well Visits/Immunizations/Vaccinations</td>
<td>$</td>
</tr>
<tr>
<td>Dental Expenses not covered by insurance</td>
<td>$</td>
</tr>
<tr>
<td>Vision Expenses</td>
<td>$</td>
</tr>
<tr>
<td>Orthodontia Payments</td>
<td>$</td>
</tr>
<tr>
<td>Hearing Expenses</td>
<td>$</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>$</td>
</tr>
<tr>
<td>Permissible Over-the-Counter Items*</td>
<td>$</td>
</tr>
<tr>
<td>Diabetic Supplies</td>
<td>$</td>
</tr>
<tr>
<td>Therapy/Treatments (Physical Therapy, Chiropractic, Psychiatric, Speech)</td>
<td>$</td>
</tr>
<tr>
<td>Other Medically Necessary Unreimbursed Expenses</td>
<td>$</td>
</tr>
<tr>
<td>TOTAL PLANNED MEDICAL EXPENSES FOR PLAN YEAR</td>
<td>$</td>
</tr>
<tr>
<td>Divide by number of pay periods in this plan year</td>
<td>$</td>
</tr>
<tr>
<td>AMOUNT OF DEDUCTION PER PAY PERIOD</td>
<td>$</td>
</tr>
</tbody>
</table>

Log on to www.flores247.com to view the medical reimbursement schedule for your group.

NOTE: A guide to allowable medical expenses is provided at www.flores247.com

*Due to the passage of Healthcare Reform, as of January 1st, 2011 OTC drugs and medicines require a prescription from a health care provider.
FAQs

How do I budget for Flexible Spending Accounts?
You may review your out-of-pocket medical and dependent care expenses from last year and use that as a guide when completing the budgeting worksheets within this kit or at www.flores247.com.

What types of expenses may be reimbursed through my Flexible Spending Accounts?
You may submit certain IRS approved medical and dependent care expenses that are not reimbursed by any other benefit plan or deducted on your federal income tax return for reimbursement. For an extensive list of eligible expenses for the medical and dependent care accounts please log on to our website www.flores247.com.

Are the funds interchangeable between both of my Flexible Spending Accounts?
No, remember to budget separately for your Medical and Dependent Care Flexible Spending Accounts.

How long does my election remain in effect?
Your election remains in effect until the end of the current plan year. During open enrollment, you will be able to re-budget for the upcoming plan year. If you choose to continue participation in the FSA program, you must re-enroll each plan year.

May I change my contribution amount during the plan year?
You may change your contribution amount during the year ONLY if you experience a qualified family status change event. Contact your Human Resources Department or review your Summary Plan Description for a comprehensive list of qualified status change events.

How do I log in to the website?
Go to www.flores247.com and click “Log In”. Enter your PID and Password or your User Name and Password. Once you log in you may change your Password by clicking on Change Password in the menu. Four to eight alphanumeric characters are required.

How do I obtain my PID and Password?
Your Participant ID (PID) and Password will be mailed to you once you have enrolled in the FSA plan. After one successful log in you may create a User Name and Password that you prefer. We can also provide you with your PID and Password over the phone by answering several security questions.

Where do I get a claim form?
You may fill out a Medical or Dependent Care reimbursement claim form online at www.flores247.com or you may contact your Human Resources Department to obtain a form.

How long do I have to submit claims?
The claims filing deadline for submitting expenses incurred during the claims incurrence period is listed on your claim form. Fax, mail or upload your claim early to avoid the rush.

When is an expense incurred?
An expense is incurred on the date the service is rendered not when it is billed or paid for (excluding orthodontia). Remember to make sure your receipts include the service date when sending us your claims.

What happens if I do not use the funds in my Flexible Spending Accounts?
Any funds not claimed for eligible medical and dependent care expenses are forfeited. You can avoid the “use-it-or-lose-it” rule by budgeting carefully and conservatively.

Who may I use my Flexible Spending Account funds for?
You may be reimbursed for eligible expenses incurred by your spouse and qualifying dependents. Qualifying dependents for the dependent care account are children under the age of 13, a disabled spouse, or other dependents that live with you who are physically or mentally incapable of self-care. Please consult your Summary Plan Description or HR Director for information regarding qualifying dependents.

What happens if I retire or terminate employment and leave the plan mid-year?
Per IRS regulations, claims may only be submitted for services prior to the retirement or termination date. Services after this date would be outside of the enrollment period, unless you elect to continue your account by making contributions under COBRA. COBRA is only available for the Medical Flexible Spending Account.

What types of expenses are NOT reimbursable?
Ineligible expenses include: cosmetic expenses (i.e. teeth whitening, dermabrasion), expenses for general wellness (i.e. vitamins, general health club dues, supplements), and insurance premiums (i.e. replacement insurance for contacts, other health plan policies). Any OTC drugs or medicines without a prescription from a health care provider do not qualify.

Is mileage reimbursable?
Yes, you may request mileage for eligible medical expenses. Please visit our website for the allowable mileage rate for the current plan year. (Not applicable under Dependent Care).

Are the expenses reimbursed from the Medical Flexible Spending Account also eligible as a medical deduction on my tax return?
No, since this expense has already been reimbursed with tax-free money, it cannot also be claimed as a credit on your tax return.