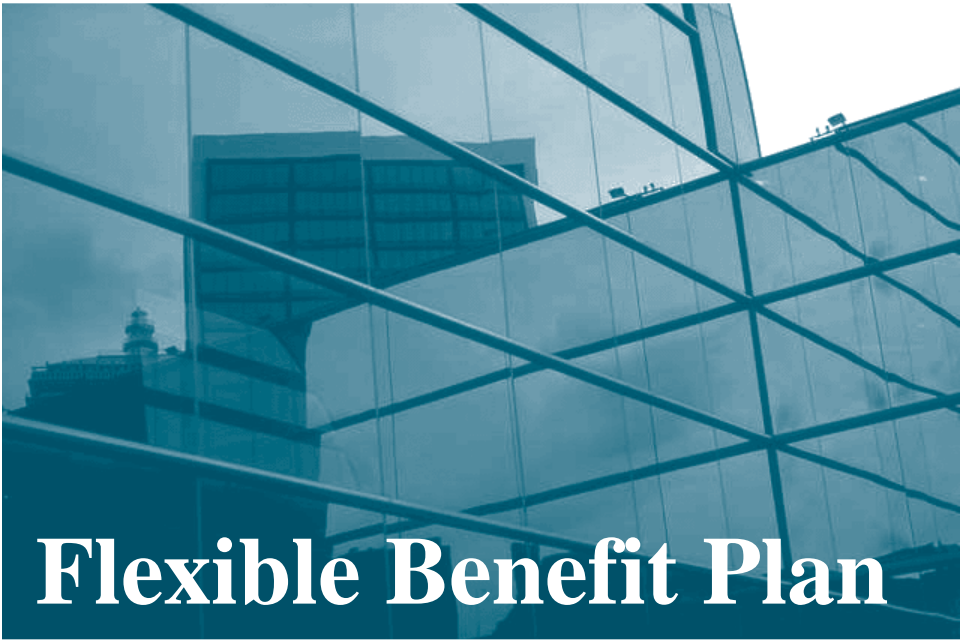


MedCost+

BENEFIT SERVICES

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800-217-5097



Flexible Benefit Plan



www.mbstpa.com



Introductions

Your Flexible Benefit Plan allows employees to make pre-tax salary contributions to “flexible spending accounts” (FSAs) to pay for eligible expenses with tax-free benefit dollars:

❖ **Dependent Care FSA**

Work-related child care for dependents under age 13 or dependent disabled adults.

❖ **Medical / Dental / Vision Care FSA**

Un-reimbursed (out-of-pocket) Medical, Dental, and Vision Care expenses for employees, spouse and dependents. (See worksheet for examples)

Each year, eligible employees must elect to enroll or waive participation in each FSA.



Information

A Flexible Benefit Plan...

Allows employees to reclassify taxable compensation into non-taxable benefits, through salary reduction. The result is that employees can pay certain expenses with tax-free benefit dollars.

❖ Flexible Spending Accounts (FSAs)

Dependent Care – the cost of child care or day care for dependent disabled adults.

Medical/Dental/Vision – out-of-pocket cost not reimbursed by insurance for such items as co-pays, deductibles, coinsurance, dental costs, vision exams, and glasses.



A Flexible Benefit Plan...

...helps a paycheck buy more!

Reimbursable expenses can include:

- Deductibles and Copays
- Prescription Drugs
- Chiropractic Services
- Dental and Orthodontics
- Eyeglasses, Contacts, Solutions and Eye Surgery
- Adult and Child Daycare
- **Much More!**

Now included: over-the-counter drugs that are medically necessary like allergy medications, aspirin, or antacids.



The MBS Flex Debit Card

Instant access, virtually no paperwork

- Your FSA can now be accessed via the MBS Flex Benefits Card
- A benefits card lets you pay for eligible health care expenses virtually everywhere a debit MasterCard® is accepted. Dependent care expenses are not accessible through the MBS Flex Benefits Card

When you use the MBS Benefits Card to purchase over-the-counter items at an IIAS compatible pharmacy — it's even easier!

Because these merchants have a system in-place to identify IRS allowable purchases, you won't have to file a claim for purchases of eligible over-the-counter health care expenses.

The MBS Flex Debit Card

The MBS Flex Benefits Card makes using FSA dollars simple and easy. The card deducts each payment directly from your FSA account. So it's as convenient as using an ordinary debit card.

What's more, the Benefits Card virtually eliminates the endless paperwork and reimbursement wait time that used to make FSAs so complex and cumbersome. All you have to do is save receipts for FSA purchases in the event that MBS requests them.



Cardholders will have secure 24-hour access to their account balance and other valuable information through www.mbstpa.com



Here's How It Works...

	Without Flex	With Flex
Gross Pay	\$278.00	\$278.00
Less Taxes	54.90	----0----
Less health premium	40.00	40.00
Less dependent care	<u>80.00</u>	<u>80.00</u>
New Gross	\$103.10	\$158.00
Less Taxes	<u>----0----</u>	<u>40.58</u>
Take Home	\$103.10	\$117.52

Tax Savings of \$14.42

Why not let the government help pay for medical expenses?



Flexible Spending Account

Eligible Expenses – Medical, Dental, Vision

Alcoholism treatment
Ambulance hire
Artificial teeth
Birth Control Pills
Braces
Braille – books & magazines
Chiropractors
Christian Science Practitioners' fees
Co-insurance amounts you pay
Copay amounts you pay
Contact lenses, eyeglasses, prescription sunglasses and eye examination
Contact lens solution
Cosmetic surgery medically necessary and recommended by a Physician *
Cost of operations and related treatments
Crutches
Deductible medical coverage amounts you pay
Dental fees
Drugs (by prescription) & medical supplies
Fees for routine physical exams & other non-diagnostic services or treatments

Fees for Practical Nurse
Fees for healing services
Handicapped persons' special schools
Hearing devices & batteries
Home improvements motivated by medical considerations
Hospital bills
Insulin
Laboratory fees
Lead – base paint removal (children)
Nurses' fees (including Nurses' board & social security tax paid by you)
Obstetrical expenses
Orthopedic shoes
Oxygen
Physician-recommended swimming pool or spa equipment costs *
Psychiatrists & Psychologists fees
Radial keratotomy
Retarded person's cost of special home
Rolfing therapy
Seeing-eye dog, and maintenance
Smoking Cessation
Special diets required by illness or allergy
Special education for the blind

Special plumbing for the handicapped
Sterilization (i.e., tubal ligation, vasectomy)
Surgical fees
Telephone, special for the deaf
Television audio display equipment for the deaf
Therapeutic care for drug & alcohol
Drugs addiction
Therapy treatments
Transportation expenses primarily for the rendering of medical services
Vitamins by prescription
Wheelchair
Weight Loss Programs if recommended by a physician*
X-rays
Over-the-counter medication*

***restricted by IRS regulations**



Flexible Spending Account

Eligible Expenses – Other

ADOPTION ASSISTANCE EXPENSES

- Reasonable and necessary adoption fees
- Court costs
- Attorneys' fees
- Travel expenses

DEPENDENT CARE EXPENSES

- Babysitters
- Day Care Centers
- Nursery Schools
- After-School Programs
- Day Camp
- Eldercare

INDIVIDUAL HEALTH EXPENSES

- College health plans
- Lens service agreements


COMMON EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT

- Over the counter vitamins
- Weight-loss programs (unless recommended by a physician to treat a condition)
- Cosmetic procedures

NOTE: Flexible Spending Accounts (FSAs) can be used to pay for expenses that are not covered or not fully covered by the medical/dental/vision health care plan. *The debit card can not be used for Adoption Assistance, Dependent Day Care & Individual Health Expenses. A manual claim will need to be filed.*

FSA – Sample Work Sheet

This form helps employees determine an approximate amount of flexible benefits they will incur for 2010



Work Sheet

What out-of-pocket expenses can you pay with tax-free benefit dollars through a Flexible Spending Account (FSA)?

Dependent Care FSA
If your spouse works or if you are a single parent, how much do you pay for dependent day care or babysitting service for children under age 13?
(Expenses must be incurred as a result of employment and may not be paid to a dependent.)

Total Dependent Care Expense \$ _____ /Mo.
Maximum \$416.67/month (\$5,000 /year)

Medical / Dental / Vision Care FSA
For you and all your dependents (whether covered under your employer's insurance benefits or not), what is your estimate of medical / dental / vision costs not reimbursed by insurance?

Medical

Insurance Deductibles	\$ _____
Coinsurance (% not paid by insurance)	\$ _____
Routine Exams (Physicals, Ob-Gyn, etc.)	\$ _____
Prescription Drugs (Including Birth Control)	\$ _____

Dental

Insurance Deductibles, if applicable	\$ _____
Coinsurance (% not paid by insurance)	\$ _____
Exams, Cleaning, X-rays, etc.	\$ _____
Fillings, Caps	\$ _____
Crowns & Bridges, etc.	\$ _____
Orthodontics (Braces)	\$ _____

Vision & Other

General Care (Exams, Contacts, Glasses)	\$ _____
Hearing Care (Exams, Hearing Aids, etc.)	\$ _____
Other	\$ _____
_____	\$ _____
_____	\$ _____

Total Medical/Dental/Vision Care Expense \$ _____ /Mo.
(Your Plan Administrator Can Advise the Maximum Amount Available)

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BENEFIT SERVICES

This worksheet helps determine out-of-pocket expenses you may be able to pay using before tax dollars through FSA.