

Flexible Spending Accounts (FSA)

A Flexible Spending Account provides significant advantages.

What Is a Flexible Spending Account?

You have the opportunity to enroll in a Flexible Spending Account (FSA) for your out-of-pocket health care or dependent daycare expenses. An FSA provides significant advantages, such as:

- **Immediate Tax Savings:** Contributions to your FSA are made on a pre-tax basis, which lowers your taxable income and may decrease the amount you pay in federal, state, local and FICA taxes.
- **Increased Spendable Income:** Your net income may increase each month because your contributions to the FSA lower your taxable income.
- **Improved Cash Flow:** An FSA allows you to budget for your medical, dental, and vision expenses on a pre-tax basis. Your total Health Care FSA election is available at the beginning of the plan year, which gives you the ability to use the funds as needed, yet have a small amount (election/number of pay periods) deducted from your payroll each pay date.
- **Coverage for Entire Family:** When making your election, remember to include expenses for yourself, your spouse and/or your tax dependents.

Your FSA will be administered by the highly experienced staff at Stanley, Hunt, DuPree & Rhine (SHDR).

How FSAs Work

There are two types of FSAs:

- Health Care FSA allows reimbursement of qualifying out-of-pocket medical expenses.
- Dependent Daycare FSA allows reimbursement for work-related dependent daycare expenses for dependents under the age of 13 or dependent adults incapable of self-care.

Before you enroll, you must first decide how much you want to contribute to each account. You should spend some time estimating your anticipated eligible medical and dependent daycare expenses by analyzing your out-of-pocket expenses from the previous calendar year. Your annual election is divided into equal amounts each pay period and contributions are placed into your accounts. You have access to the entire health care FSA once the plan year begins; however, you will only be eligible to receive reimbursement up to the amount of payroll contributions you have available for the dependent daycare account.

Limits on the amount you can contribute to the dependent daycare FSA are established by federal IRS policy and the same for every company. However, the maximum amount you can contribute each year to your health care FSA is determined by your employer up to the IRS maximum limit.

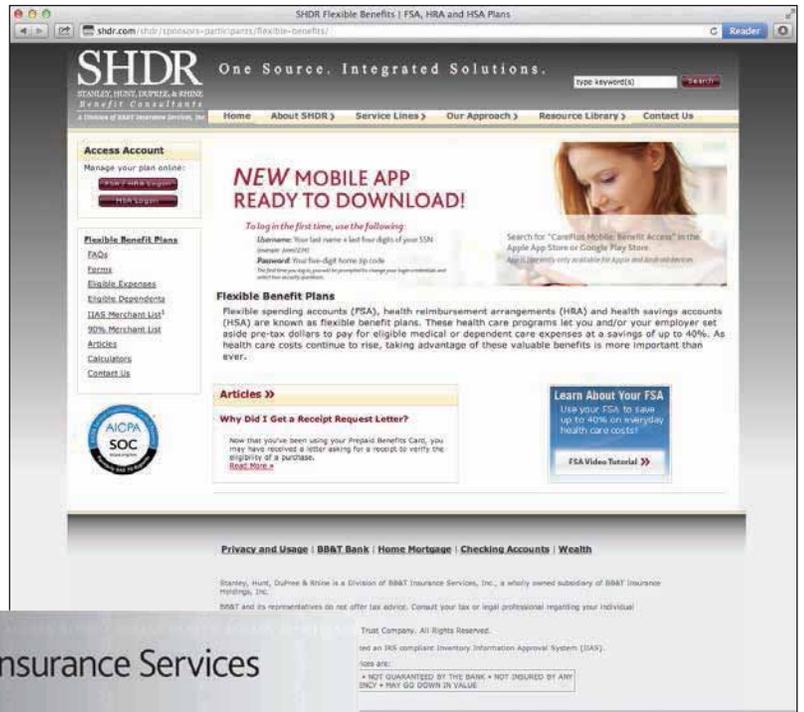
Simple Access to Your FSA

You have many ways to access your FSA:

- You may access www.shdr.com/flex. This website is designed to make it easy and convenient to view account balance and claim history, sign up for direct deposit, file a claim, or use the tools and support tab for links to helpful information.
- The **CarePlus Benefit Access Mobile App** is available for Apple and Android users. With the app, you may view your account balance and claim history, file a claim take a picture of receipts with your device's camera and upload to SHDR, and receive text alerts or report a lost or stolen card. Download at Apple App Store or Google Play.



- Use your **CarePlus Benefit Access Visa® Debit Card** when paying for eligible out-of-pocket expenses. When paying for services with your debit card, you should keep all receipts or your Explanation of Benefits (EOB) because you may be asked to provide additional substantiation as required by the IRS. The online portal offers an easy, secure way to keep your receipts, if you need to provide documentation.
- You may also speak to a benefit representative by calling 800-768-4873 or 800-930-2441 Monday–Friday, 8 a.m.–8 p.m. ET.



Reimbursement Options

Use your CarePlus Benefit Access Visa® Debit Card for easy payment to the provider. The debit card gives you immediate, electronic access to funds stored in your health care or dependent daycare accounts. The debit card can be used at stores (pharmacy, big box store, or supermarket) where FSA-eligible items can be identified at checkout. Using your CarePlus Benefit Access Visa® Debit Card eliminates the need to file claim forms; however, itemized receipts may need to be submitted, if requested.

You may file a manual claim electronically by using the consumer portal (www.shdr.com/flex) or through the CarePlus Benefit Access Mobile App on your Apple or Android smart phone. You will simply complete the claim form, take a picture of your receipt and upload both through your phone.

Why You Should Participate in an FSA

By reducing your taxes, FSAs can help you increase your monthly spendable income and budget for health care and dependent daycare expenses. Here's an example of how you could save through an FSA:

| | With FSA | Without FSA |
|---------------------------------|------------|-------------|
| Monthly gross pay | \$2,500 | \$2,500 |
| Pre tax contributions to FSA | | |
| Dependent daycare | \$300 | \$0 |
| Health care | \$100 | \$0 |
| Taxable Income | \$2,100 | \$2,500 |
| Less federal, state, FICA taxes | \$790.65 | \$941.25 |
| After-tax monthly pay | \$1,309.35 | \$1,558.75 |
| After-tax expenses | | |
| Dependent daycare | \$0 | \$300 |
| Health care | \$0 | \$100 |
| Net spendable income | \$1,309.35 | \$1,158.75 |
| Monthly savings | \$150.60 | \$0 |
| Annual savings | \$1,807.20 | \$0 |

This example is for illustrative purposes only and is not intended to represent any specific benefits plan or potential plan savings. Hypothetical plan savings are based on the employee's federal, state, local, and FICA taxes totaling 37.65 percent of annual income. Your tax rates and actual savings are likely to be different.

FSA Limits

Dependent Daycare FSA

| Maximum Annual Contributions | Eligible Expenses | Eligible Dependents |
|--|---|--|
| <ul style="list-style-type: none"> \$5,000 if you are head of household or are married filing a joint return \$2,500 if you are married filing a separate return Reimbursement is limited to the current balance in the Dependent Daycare Account | <ul style="list-style-type: none"> Reimbursable expenses generally are those that would be deductible on your tax return, such as child care (including some types of nonresidential summer camps) and elder care that is necessary for you to go to work More details are available in IRS Publication 503, Child and Dependent Daycare Expenses | <ul style="list-style-type: none"> A child under 13 whom you can claim as a dependent A spouse or other dependent who is physically or mentally incapable of caring for himself or herself |

Health Care FSA

| Maximum Annual Contributions | Eligible Expenses: During the year, you have access to a health care FSA for reimbursement of expenses your insurance does not cover, including: | |
|--|---|---|
| <ul style="list-style-type: none"> Your company will set your Health Care FSA plan limit and advise you of it during your annual enrollment Your entire annual contribution is available at the start of the plan year | <ul style="list-style-type: none"> Deductibles, co-pays and other eligible expenses not covered by insurance Prescription drugs and medical supplies Dental services, orthodontics and dentures Eyeglasses, contacts, solutions and eye surgery Weight-loss programs (associated with treatment of a specific disease) | <ul style="list-style-type: none"> Chiropractic services Psychiatric care and psychologist fees Smoking-cessation programs A more complete list of eligible expenses is available in IRS Publication 502, Medical and Dental Expenses |

Is an FSA Right for Me?

An FSA is a great way to pay for expenses with pre-tax dollars. A Health Care FSA could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance or deductibles for health, prescription, dental or vision plans
- Have a health condition that requires the purchase of prescription medications on an ongoing basis
- Wear glasses or contact lenses, or are planning LASIK surgery
- Need orthodontia care, such as braces, or have dental expenses not covered by your insurance

A Dependent Daycare FSA provides pre tax reimbursement of out-of-pocket expenses related to dependent care. This benefit may make sense if you (and your spouse, if married) are working or in school, and:

- Your dependent children under age 13 attend daycare, after-school care or summer day camp
- You provide care for a person of any age whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself

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