

Advantages of a Flexible Spending Account (FSA)

A valuable pre-tax benefit with innovative services!

FlexSystem FSA increases your take-home pay by reducing your taxable income. A Flexible Spending Account (FSA) allows you to **save up to 30%** on your eligible healthcare and/or dependent care expenses every year by using **pre-tax dollars**.

Consider how much you spend on healthcare and/or dependent care expenses for you and your qualified dependents in one year:

- prescription drugs/medications
- medical/dental office visit co-pays
- eye exams and prescription glasses/lenses
- vaccinations
- daycare tuition

Why not reduce these expenses by using pre-tax dollars instead of after-tax dollars? With rising healthcare costs, **every penny counts!**

By using pre-tax dollars, you are taxed on a lower gross salary, thereby saving money that would otherwise be spent on federal, state and FICA taxes, and thereby you **increase your take home pay!** See example >>

How FlexSystem Works

FlexSystem FSA is offered through your employer and is administered by TASC FlexSystem. When you choose to enroll in a FlexSystem FSA Healthcare and/or Dependent Care, you choose the dollar amount you want to contribute to each account based on your estimated expenses for the upcoming Plan Year. Your contributions will be deducted in equal amounts from each paycheck, **pre-tax**, throughout the Plan Year. **The more you contribute to these accounts, the more you save by paying less in taxes!**

Reimbursements and the TASC Card

As you incur eligible expenses, simply submit a request for reimbursement to TASC in order to receive reimbursement from your FlexSystem FSA, up to the amount of your annual contribution. FlexSystem offers multiple methods for requesting a reimbursement: Online, Text Message, Mobile App, Fax, or Mail.

For additional convenience, you will be issued a **TASC Card** to directly access your FlexSystem funds when paying for eligible expenses at the point of purchase, which eliminates the need for requesting a reimbursement. On the rare occasion when you don't use your TASC Card to pay for an eligible expense, simply submit a request for reimbursement. Your reimbursement is deposited into your MyCash account. You can access your MyCash funds in three ways: (1) swipe your TASC Card at any merchant that accepts Visa, (2) withdraw at an ATM, or (3) transfer to a personal bank account from MyCash Manager within MyTASC.

FlexSystem Healthcare FSA FlexSystem Dependent Care FSA

Pre-Tax Savings Example

	<i>Without FSA</i>	<i>With FSA</i>
Gross Monthly Pay:	\$3,500	\$3,500
<u>Pre-Tax Contributions</u>		
Medical/Dental Premiums	-\$125	-\$125
Medical Expenses	\$0	-\$75
Dependent Care Expenses	\$0	-\$400
TOTAL:	-\$125	-\$600
Taxable Monthly Income	\$3,375	\$2,900
Taxes (federal, state, FICA):	-\$911	-\$802
Out-of-pocket Expenses:	-\$475	\$0
Monthly Take-home Pay:	\$1,989	\$2,098

Net Increase in Take-Home Pay = \$109/mo!

For illustration only. Actual dollar amounts may vary.

FSA Eligible Expenses

FlexSystem FSA funds may only be used for eligible expenses under your healthcare FSA and/or dependent care FSA. Some eligible expenses include:

- Medical care services
- Prescriptions
- Dental care services
- Certain over-the-counter medications
- Vision care expenses
- Daycare tuition

More detailed lists can be found at www.irs.gov in IRS Publications 502 & 503. Please note insurance premiums are NOT eligible for reimbursement.

*33 million Americans
save up to 30% every year
by participating in an FSA*

2009 Nielson Consumer Research

Multiple Methods for Account Management

You may use any of the following self-service options to access your FlexSystem accounts and TASC Card transactions:

- **MyTASC Online:** www.tasconline.com/mytasc
- **MyTASC Mobile App:** free download at www.tasconline.com/mobile
- **MyTASC Text Messaging:** elect through your MyTASC account online

Online enrollment and account management.

Online tax-savings calculator to help determine how much to contribute.

Convenient pre-tax payroll deductions.

Benefits debit card for eligible purchases.

Mobile app for account access on the go.

Multiple self-service tools.

Fast reimbursements.

Important Considerations

FSA Funds do not Rollover:

It is important to be conservative in making elections because any unused funds left in your FSA at the close of the Plan Year are not refundable to you. You are urged to take precautionary steps, such as tracking account balances on the FlexSystem website and/or using the Interactive Voice Response System, to avoid having funds remaining in your account at year-end.

Using the Grace Period, or purchasing eligible over-the-counter items are ways to utilize leftover FSA funds.

Changing Elections During the Plan Year:

You may change your FSA elections during the Plan year only if you experience a change of status such as:

- a marriage or divorce
- birth or adoption of a child, or
- a change in employment status

Refer to the Change of Election Form (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year.

Sign up for FlexSystem and keep more money in your pocket!



Eligible Expenses

Due to Health Care Reform, effective 1/1/2011, over-the-counter (OTC) medicines and drugs, except for insulin, will require a Letter of Medical Necessity or prescription from your physician to be reimbursed from your Health FSA. Health-related supplies purchased over-the-counter continue to be eligible without additional documentation. Below is a sample list of permissible expenses reimbursable through a Full Scope Health Flexible Spending Account (FSA). Please note a Limited Purpose Healthcare FSA only allows dental and vision expenses.

Medical Expenses

- Acupuncture
- Artificial limbs
- Bandages
- Birth control, contraceptive devices
- Birthing classes/Lamaze – only the mother's portion (not the coach/spouse) and the class must be only for birthing instruction, not child rearing
- Blood pressure monitor
- Blood sugar test kits/test strips
- Chiropractic therapy/exams/adjustments
- Contact lens and contact lens solutions
- Co-payments
- Crutches (purchased or rented)
- Deductible and co-insurance
- Diabetic supplies
- Eye exams
- Eyeglasses, contacts, or safety glasses, prescription only (warranties are not reimbursable)
- Flu shots
- Hearing aids and hearing aid batteries (warranties are not reimbursable)
- Heating pad
- Incontinence supplies
- Infertility treatments
- Insulin
- Laser eye surgery; LASIK
- Legal sterilization
- Medical supplies to treat an injury or illness
- Mileage to and from doctor appointments
- Nasal strips
- Optometrist's or ophthalmologist's fees
- Physicals
- Physical therapy (as medical treatment)
- Physician's fee and hospital services

FSA Healthcare

- Pregnancy test
- Prenatal vitamins
- Prescription drugs and medications
- Psychotherapy, psychiatric and psychological service
- Reading glasses
- Sales tax on eligible expenses
- Services connected with donating an organ
- Sleep apnea services/products (as prescribed)
- Smoking cessation programs
- Treatment for alcoholism or drug dependency
- Vaccinations
- Wrist supports, elastic wraps
- X-ray fees

OTC Medicines and Drugs

Purchases after 12/31/10 will require a letter of medical necessity or prescription for reimbursement.

- Bengay, Flexall, pain relieving creams or gels
- Calamine lotion
- Canker/cold sore relievers
- Cold medicines
- Corn removal
- Diaper rash ointment
- GasX, baby gas drops
- Hemorrhoid creams and treatments
- Hydrogen Peroxide or rubbing alcohol
- Indigestion or anti-acid relievers
- Laxatives
- Nicotine patch
- Pain relievers (Tylenol, Advil, Aspirin, etc)
- Sinus medicines
- Suppositories
- Teething gel
- Wart removal medication

Eligible Expenses

Dental Expenses

- Braces and orthodontic services
- Cleanings
- Crowns
- Deductibles, co-insurance
- Dental implants
- Dentures, adhesives
- Fillings

For the Disabled

- Automobile equipment and installation costs for a disabled person in excess of the cost of an ordinary automobile; device for lifting a mobility impaired person into an automobile
- Braille books and magazines in excess of cost of regular editions
- Note-taker, cost of, for a hearing impaired child in school
- Seeing eye dog (buying, training and maintaining)
- Special devices, such as a tape recorder or typewriter for a visually impaired person
- Visual alert system in the home or other items such as a special phone required for a hearing impaired person
- Wheelchair or autoette (cost of operating/maintaining)

Healthcare Expenses Requiring Additional Documentation

The following expenses are eligible only when incurred to treat a diagnosed medical condition. Include a letter from your physician along with your request for reimbursement that contains the medical necessity of the expense, the diagnosed condition, the onset of the condition and the physician's signature.

- Acne treatments and medications
- Breast pump
- Ear plugs
- Estrovin
- Eye drops/Visine
- Glucosamine
- Massage treatments
- Nursing services for care of a special medical ailment
- Orthopedic inserts or shoes (excess cost of ordinary shoes)
- Over-the-Counter drugs and medications (effective January 1, 2011)
- Oxygen equipment and oxygen
- Propecia/Rogaine (only eligible for a medical condition)
- Speech therapy
- Sunscreen or suntan lotion
- Support hose
- Varicose vein treatment
- Veneers
- Wigs (for mental health condition of individual who loses hair because of a disease)

FSA Healthcare



Ineligible Expenses

The following healthcare expenses are **not** eligible for reimbursement:

FSA Healthcare

Ineligible Expenses for FSA Healthcare

- Athletic mouth guards
- Auto insurance providing medical coverage
- Breast feeding supplies
- Chapstick/lip balm
- Contributions to state disability funds
- Cosmetic surgery, cosmetic dentistry or other cosmetic procedures
- Cosmetic supplies (make up, facial soaps/creams and moisturizers, etc)
- Deodorant
- Dental floss
- Diaper service
- Diet: special diets and/or cost of special foods taken as substitute for regular diet
- Dietary and fiber supplements
- Divorce: expenses of divorce when doctor or psychiatrist recommends divorce
- Distilled water purchased to avoid drinking fluoridated city water or for use in medical equipment
- Domestic help: payments to domestic help, companion, babysitter, chauffeur, etc. who primarily render services of a non-medical nature
- Electrolysis/hair removal
- Exercise equipment and fees
- Eye drops for general comfort
- Eyeglass cases
- Hand sanitizer
- Health club or athletic club membership fees
- Herbal supplements
- Illegal treatment or medication
- Insurance premiums, all types
- Lanyards
- Lotions or skin moisturizers
- Marriage counseling
- Maternity clothes
- Mattress
- Medicare premiums
- Medicated shampoos, conditioners, and soaps
- Mobile telephone used for personal calls as well as calls to physician
- Nursemaids or practical nurses who render general care for healthy infants
- OTC drugs/medications without a prescription (effective January 1, 2011)
- Pajamas/slippers purchased to wear in hospital
- Personal use items (toothbrush, vacuum, pillow, shampoo, mattress, etc)
- Physical treatment unrelated to specific health problems (massage for general well-being, stress, depression, or chiropractic wellness program)
- Premiums for coverage through other medical plans (i.e., spouse's employer-sponsored plan or individual plan)
- Private hospital rooms
- Safety glasses (non-prescription)
- Special foods purchased to replace nutrition or for general health needs, such as diet foods.
- Sun Glasses (non prescription) and Sun Clips
- Teeth whitening
- Toiletries
- Toothbrush, (includes prescribed electric ones)
- Toothpaste
- Vacuum cleaner purchased by an individual with dust allergy
- Vitamins and/or supplements
- Warranties
- Weight loss drugs/programs for general well being

Eligible Expenses

The following dependent care expenses are permissible for reimbursement through a Section 125 Flexible Spending Account. Please refer to your FSA Summary Plan Description (SPD).

FSA Dependent Care

Eligible Expenses for FSA Dependent Care

Eligible dependent care expenses must be employment related.



- Day Camp -- primary purpose must be custodial care and not educational in nature
- Dependent care expenses that are necessary for you (and your spouse) to work, actively look for work, or attend school full-time.
- Dependent care for a child under age 13
- FICA/FUTA taxes of day care provider
- Late pick up fees
- Nanny expenses attributed to dependent care
- Nursery school (Pre-School)
- Registration fees -- when allocated to dependent care services that have been provided