

Guidelines

The Flexible Spending Account program administered by Cafeteria Plan Advisors, Inc. of Braintree (CPA Inc.) allows eligible employees to set aside a certain amount of income on a pre-tax basis to pay for dependent care (day care or elder care) and out-of-pocket medical expenses (co-pays RX and doctors-vision care-dental-orthodontia and many others).

Paying for dependent care and medical expenses on a pre-tax basis is extremely cost effective. For instance, an employee paying \$5,000 for qualifying child care and earning in the 28% tax bracket could save \$1,400 per year in taxes.

Plan Limits

The Federal Government limits employee contributions to a dependent care account of \$5,000. The limit for Medical Reimbursement is set by the employer and will be \$3,000. Interested employees should elect one or both accounts and have deductions each pay period.

Reimbursements

Claims are processed and paid on the 15th and the last day of every month. Checks are payable to the employee and mailed to the home address or direct deposited.

Dependent Care Account participants can voucher and be reimbursed the amount available in their account twice a month on an automatic and ongoing basis.

Medical Account participants can submit claim vouchers with receipts attached and will be reimbursed the amount of the claim regardless of the current contribution balance (up to the annual election). Checks are payable to the employee and mailed to the home address or direct deposited.

Plan Year

The plan year for flexible spending accounts is January 1, 2005 through December 31, 2005. Enrollment occurs each plan year. This is not automatic. Expenses must be incurred within the plan year to be eligible for reimbursement.

Use It or Lose It - Provisions

Be conservative. It is important to calculate what expenses will be incurred as precisely as possible - the IRS does not allow unused funds to be returned. Note that the amount you set aside is restricted to change by a qualifying event such as birth of a child, marriage, death, change in employment, or premium coverage etc.

Brochures and Information

Please call Cafeteria Plan Advisors directly @ 1-800-544-2340 with any questions or to request a brochure.