

Crosby ISD is adding Flexible Spending Accounts to their benefits portfolio to help save you money on eligible items & services you already purchase!

Your Medical FSA maximum contribution amount for the 2016 plan year will be \$2500. Dependent care is a \$5000 maximum contribution.

NEW! AmeriFlex partners with FSASStore. Spend down any remaining balance at: www.flex125.com>Member>FSASStore
Free shipping on orders over \$50.00.

Medical FSA FAQ:

Common expenses that are eligible for the Medical FSA:

- Co-payments/Deductible
- Prescription Drugs
- Non-Cosmetic Dental Care and Orthodontia
- Vision Care
- X-ray/Lab/Diagnostic Services
- For a complete list go to the AmeriFlex website and log into the Employee Portal

Ineligible expenses include:

- Gym Memberships
- Weight loss programs
- Cosmetic Surgery/Teeth Whitening

Dependent Care FAQ:

Common expenses that are eligible for the Dependent Care FSA:

- Day care expenses
- Afterschool care
- Day Camps
- Custodial care for an adult dependent, per the IRS guidelines

Ineligible expenses include:

- Tuition expenses
- Overnight Camps
- Expenses not relating to care. For example, food and meals

Please visit www.flex125.com for additional information. Additional educational videos and tools are available under the Member Tab. Customer service is available from 7:30 AM – 7:00 PM CT M-F
1.888.868.3539 X 0

Dependent Care Flexible Spending Account Tax Credit Worksheet



Dependent care flexible spending account (FSA) expenses that are eligible for reimbursement are also eligible for a federal income tax credit. However, you can only use one of these tax advantages for each expense.

Complete the following worksheet to determine the maximum tax credit for your dependent care FSA expenses.

1. Write the amount of qualified expenses you incurred and actually paid last year and expect to pay this year for the care of the qualified person*. DO NOT write more than \$3,000 (\$6,000 if you expect to pay for the care of two or more qualified persons*). \$ _____
2. Write your estimated earned income** for this year. \$ _____
3. Write your spouse's estimated earned income for this year. \$ _____
4. Compare amounts on lines 2 & 3, and write the smaller of the two amounts on line 4. \$ _____
5. Compare amounts on lines 1 & 4, and write the smaller of the two amounts on line 5. \$ _____
6. Write the percentage from the table below that applies to the Adjusted Gross Income (AGI) on Form 1040, line 36. \$ _____
7. Multiply the amount on line 5 by the percentage shown on line 6 and write result \$ _____
This is the maximum amount of your credit for dependent care expenses (amount of credit may not exceed the amount you pay in taxes).

If AGI is over:	But not over:	Percentage is:
\$0	-15,000	35% (.35)
15,000	-17,000	34% (.34)
17,000	-19,000	33% (.33)
19,000	-21,000	32% (.32)
21,000	-23,000	31% (.31)
23,000	-25,000	30% (.30)
If AGI is over:	But not over:	Percentage is:
\$25,000	-27,000	29% (.29)
27,000	-29,000	28% (.28)
29,000	-31,000	27% (.27)
31,000	-33,000	26% (.26)
33,000	-35,000	25% (.25)
If AGI is over:	But not over:	Percentage is:
\$35,000	-37,000	24% (.24)
37,000	-39,000	23% (.23)
39,000	-41,000	22% (.22)
41,000	-43,000	21% (.21)
43,000	no limit	20% (.20)

***Qualifying person:**

1. Under age of 13 whom you claim as a dependent.
2. Disabled spouse who is mentally or physically incapable of self-care.
3. Any disabled person who is mentally or physically incapable of self-care and whom you claim as a dependent or could claim as a dependent except that the individual had an income of \$3,650 or more.

****Earned income:** Wages, salaries, tips and other employee compensation. It also includes earnings from self-employment.

For more information, consult with your tax advisor.

Neither Colonial Life & Accident Insurance Company nor the employer assumes responsibility for the accuracy of the calculations nor the resulting tax savings, and neither is responsible in any way rendering tax advice.

© 2013 Colonial Life & Accident Insurance Company
 Colonial Life products are underwritten by Colonial Life & Accident Insurance Company, for which Colonial Life is the marketing brand.

Colonial Life
 1200 Colonial Life Boulevard Columbia,
 South Carolina 29210
 coloniallife.com

Flexible Benefits Plans

The Advantage of a Flexible Benefits Plan

- You meet your benefits and insurance needs more affordably.
- You pay less in payroll taxes.
- Your spendable income increases.

How Does It Work?

You choose qualified benefits that meet your needs, and you pay for them with pre-tax dollars. Pre-tax dollars are dollars subtracted from your gross earnings before payroll taxes are taken out. Paying less taxes results in more spendable income! For an example of how this works, see the salary illustration on the back.

When Can I Enroll?

You can enroll or change an election only during the eligible enrollment period, unless you have a qualified change in status or as otherwise allowed under IRS regulations.*

Making Benefits Count

By offering a flexible benefits plan, your employer is giving you more benefit choices to meet your changing needs. Colonial Life can help you address areas in your life where you may need additional protection.

Find out more about your employer's flexible benefits plan by meeting with a Colonial Life benefits representative.

* Please see copy of IRS section 125 regulations for complete details.

**Colonial Life**

Making benefits count.

Salary Illustration

John is married, has two federal/state withholding allowances, a bimonthly salary of \$1000, and has a qualified benefits expense of \$180. Let's take a look at his bimonthly paycheck with and without a flexible benefits plan:

	Without Flex	With Flex
Gross pay	\$1000.00	\$1000.00
Pretax reduction	0	- 180.00
Taxable Income	1000.00	820.00
FICA, Federal and State tax	176.71	132.34
Post tax deduction	-180.00	0
Spendable income	\$643.29	\$687.66

The salary illustration is based on 2011 South Carolina tax tables.

Learn more about how Colonial Life makes benefits count at coloniallife.com.

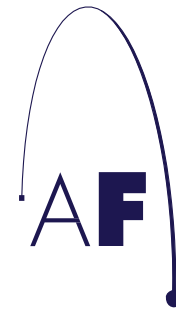
Colonial Life
1200 Colonial Life Boulevard
Columbia, South Carolina 29210
coloniallife.com

©2012 Colonial Life & Accident Insurance Company.

Colonial Life products are underwritten by Colonial Life & Accident Insurance Company, for which Colonial Life is the marketing brand.

FSA Quick Reference Guide

MEDICAL REIMBURSEMENT • DEPENDENT CARE SPENDING ACCOUNT



www.flex125.com

AMERIFLEX 302 Fellowship Road, Suite 100, Mount Laurel, NJ 08054 Toll-Free: 888.868.FLEX (3539) www.flex125.com

A Plan That Enhances Your Benefits

If you are one of the many people who spend money on medical expenses or dependent care expenses, a Flexible Spending Account can make these expenses more affordable. These valuable benefits are available through your employer's Cafeteria Plan and are qualified under Code § 125 of the Internal Revenue Code.

How It Works

When you participate, you elect to have a specified amount of money deducted on a pre-tax basis from your paycheck each pay period. Funds are subtracted from your gross earnings before taxes are calculated. The example below demonstrates how a participant can increase their take-home pay by participating in a Flexible Spending Account.

WITHOUT THIS PLAN

Gross Pay (annual)	\$30,000
Tax Deductions (@ 25%)	\$ 7,500
Total Take-home Pay	\$22,500
- Unreimbursed Expenses	\$ 1,000
Total Take-home Pay	\$21,500

WITH THIS PLAN

Gross Pay (annual)	\$30,000
- Unreimbursed Expenses	\$ 1,000
Taxable Income	\$29,000
Tax Deductions (@ 25%)	\$ 7,250
Total Take-home Pay	\$21,750

RESULT: \$250 increase in take-home pay

Health FSA

A health FSA refers to a medical reimbursement plan that is a "flexible spending arrangement" (FSA). An FSA is a program that gives employees coverage under which certain expenses may be reimbursed, subject to certain maximum amounts and reasonable conditions. Employees can use a health FSA to pay for medical expenses that are not reimbursed through insurance or any other arrangement. Insurance co-pays, deductibles, eyeglasses, and orthodontia are common examples of health FSA expenses. (Note: Health FSAs are not allowed to reimburse insurance premiums.)

Effective January 1, 2011, no over-the-counter medicine or drug (with the exception of insulin) may be reimbursed by the Health FSA without a legal prescription for same.

Dependent Care FSA

A "DCAP" is a dependent care assistance program that is also an FSA. An employee can use a DCAP to be reimbursed for employment-related expenses that allow the employee and his or her spouse to be "gainfully employed." Employment-related expenses apply only to certain individuals. Typical DCAP expenses are those incurred to have a babysitter or day-care provider take care of an employee's child (under the age of 13) while the employee and spouse are both working, or to take care of a spouse or other tax dependent who lives with the employee and is incapable of self-care. (Note: Expenses for overnight camps and kindergarten are not permitted under a DCAP.)

Contribution Limits

Health FSA: The annual limits are currently set by the employer. However, the health care reform law imposes a \$2,500 cap (indexed for inflation) on annual salary reduction contributions to health FSAs offered under cafeteria plans beginning January 1, 2013.

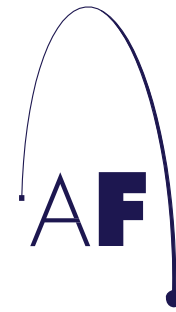
DCAP: The annual income exclusion is the smallest of the following amounts: (1) \$5000 for married individuals filing a joint return or for unmarried individuals; (2) \$2500 for married individuals filing separately; (3) the employee's earned income; or (4) if the employee is married at the end of the taxable year, the spouse's earned income. All limits are based on the employee's taxable year (i.e., the calendar year).

Use-It or Lose-It Rule

IRS rules state that any remaining funds in your FSA at the end of the plan year must be forfeited. The IRS allows employers to provide a grace period up to 2 months and 15 days immediately following the end of each plan year during which unused funds can be used. In other words, you may be permitted to submit eligible expenses incurred during the grace period, to be paid or reimbursed from unused amounts remaining at the end of the immediately preceding plan year. Since this is optional, please refer to your plan documents to determine whether or not the grace period has been adopted by your employer.

DCSA

AMERIFLEX®



Manual Claims

To file a claim manually, simply complete a claim form and mail, fax or e-mail it to AmeriFlex along with an itemized receipt. Itemized receipts must include the following information: the provider's name, the dates of service, the services rendered (e.g., daycare or prescription expenses) and the amount charged (not the amount paid). If you are filing for reimbursement for a DCAP claim you will also need the provider's tax ID number or Social Security number in addition to the above information. After the claim has been processed you will either receive reimbursement via check or it will be directly deposited into your bank account. To have your reimbursements directly deposited into your bank account, please visit our Web site at www.flex125.com to download our Direct Deposit Form.

Convenience Card

Your AmeriFlex Convenience Card® is a debit card that provides electronic access to your FSA funds. Simply present your card for payment at an eligible merchant or provider and the claim is paid! When your card is swiped, the system qualifies the expense to ensure that the expense and provider are eligible under your plan. Next, it determines if there is an adequate/available balance in your account. Finally, the merchant is paid and the amount of the charge is deducted from your account. It is important to remember that back-up documentation may be required, so you should always save your receipts. For more information on how and where to use your card, please refer to the documentation received with your card, or contact the AmeriFlex Customer Service Department.

Note: Health FSA debit cards may be used for over-the-counter medicines and drugs after 2010 so long as (1) a valid prescription for the over-the-counter medicine or drug is presented to the pharmacist; (2) the over-the-counter medicine or drug is dispensed by the pharmacist in accordance with applicable law and regulations pertaining to the practice of pharmacy; and (3) an Rx number is assigned.

What if I want to make a change to my election?

A cafeteria plan must provide that participant elections are irrevocable and cannot be changed during the plan year. However, most employers allow participants to change their elections during the year if the employee experiences an event that falls under one of several exceptions allowed by the IRS (called "permitted change in election events"). Specifically, an employer can design the cafeteria plan to permit an employee to change his or her election during the year if the employee experiences one of the permitted election change events. Please refer to your plan documents for any permitted election change events.

Will joining an FSA have an impact on Social Security benefits?

Any reductions in your taxable pay may also lead to a reduction in your Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes now.

What do I need to do when I file my taxes?

On your tax return you must report the correct name, address and taxpayer ID number (TIN) of your dependent care provider to claim exclusion for employer provided dependent care assistance benefits or the dependent care credit.

If your dependent care provider is exempt from federal income tax, you are not required to report the TIN on your tax return. However, you must report the correct name and address of the exempt provider and write "tax-exempt" in the space provided for reporting the TIN.

Dependent Care Tax Credit "DCTC" vs. DCAP

If you participate in a DCAP, you cannot claim credits on your income tax return for the same expenses. Also, any amount reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you participate, you should evaluate whether the federal income tax credit will save you more money than the DCAP. The relative tax advantages of each option, as well as the possible impact on your tax liability and your ability to take advantage of the Earned Income Tax Credit, may depend on the option you choose as well as your personal tax situation.

If you are unsure about which option to choose, you should consult your tax or financial advisor.

This QRG is for informational purposes only and is not intended as legal, accounting, or tax advice. Please be advised that laws and regulations pertaining to health FSAs are always subject to change and that this QRG will not reflect changes occurring after the publication of the QRG.