

It's time to enroll, or re-enroll in the Flexible Spending Account for the upcoming plan year.

Flexible Spending Accounts allow you to set aside money on a pre-tax basis for certain health care and dependent care expenses.

This packet contains information explaining what a Flex Plan is, a worksheet for you to use to determine if a Flex Plan will benefit you, a list of expenses that qualify for reimbursement and also a list of expenses that don't qualify, information about the debit card and a privacy notice.

Your enrollment form and direct deposit form will be sent separately from this packet

Flexible Spending Account Facts

- You must be eligible to participate in your employer's health plan to enroll in the Flex Plan.
- Bills can be for anyone in your family whom you can claim as a dependent on your tax return.
- Paper claims are processed on the 15th & 30th of each month.

Save Yourself Time...

We have Direct Deposit. If you are not enrolling for a Debit Card, but would like to have your reimbursements sent direct deposit to your checking or savings account, simply attach a voided check or deposit slip with your account number and routing number and we will deposit your reimbursements in your account. The Direct Deposit form is included with your enrollment form.

Access to your account 24/7...

www.myflexonline.com

You will need a Login and Password to be able to access your information on the website.

KNOW YOUR BENEFITS.

From



Flexible Spending Accounts

Information for Employees

Flexible spending accounts, or FSAs, provide you with an important tax advantage that can help you pay health care and dependent care expenses on a pre-tax basis. By anticipating your family's health care and dependent care costs for the next plan year, you can lower your taxable income.

Essentially, the Internal Revenue Service (IRS) set up FSAs as a means to provide a tax break to employees and their employers. As an employee, you agree to set aside a portion of your pre-tax salary in an account, and that money is deducted from your paycheck over the course of the year. The amount you contribute to the FSA is not subject to social security (FICA), federal, state or local income taxes—effectively adjusting your annual taxable salary. The taxes you pay each paycheck and collectively each plan year can be reduced significantly, depending on your tax bracket. As a result of the personal tax savings you incur, your spendable income will increase.

The example that follows illustrates how an FSA can save money.

Bob and Jane's combined gross income is \$30,000. They are married and file their income taxes jointly. Since Bob and Jane expect to spend \$3,000 in medical expenses in the next plan year, they decide to direct a total of \$2,750 (the maximum allowed amount per individual, for that taxable year) into their FSAs. (See table)

	Without FSA	With FSA
Gross income	\$30,000	\$30,000
FSA contributions	\$0	-\$2,750
Gross income	\$30,000	\$27,250
Estimated taxes		
Federal	-\$2,550*	-\$1,776*
State	-\$900**	-\$750**
FICA	-\$2,295	-\$1,913
After-tax earnings	\$24,255	\$22,811
Eligible out-of-pocket medical and dependent care expenses	-\$3,000	-\$300
Remaining spendable income	\$21,255	\$22,511
Spendable income increase	--	\$1,256

* Assumes standard deductions and four exemptions
 ** Varies, assumes 3 percent

This example is for illustrative purposes only. Every situation varies and it is recommended you consult a tax advisor for all tax advice.

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Flexible Spending Accounts

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The Health Care Reimbursement FSA

The health care reimbursement FSA lets you pay for certain IRS-approved medical care expenses not covered by your insurance plan with pre-tax dollars. For example, cash that you now spend on deductibles, copayments or other out-of-pocket medical expenses can instead be placed in the health care reimbursement FSA pre-tax. The annual maximum contribution to the health care reimbursement FSA is **\$2750.00**.

Health FSAs employ a “use-it-or-lose-it” model. If you do not use the funds that you contribute to your FSA within the end of the year, you will have to forfeit those funds. However, employers also have the option of allowing employees to carry over up to \$500 of unused funds from one year to the next. In addition, any amount that is carried over does not count toward the maximum contribution limit.

Eligible Expenses

Eligible health care expenses for the health care reimbursement FSA include more than just your deductible and copayments. You can also reimburse items such as prescription drugs, dental expenses, eye glasses and contacts, certain medical equipment and many more items. For more information about eligible medical expenses, please refer to IRS Publication 502, Medical and Dental Expenses, available at www.irs.gov/publications/p502/index.html.

Over-the-counter drugs used to be eligible expenses, but a law effective Jan. 1, 2011, only allows claims for over-the-counter medication or drug expenses (other than insulin) to be reimbursed **if the patient has a prescription**. This new rule does not apply to items for medical care that are not considered medication or drugs. Equipment such as crutches, supplies such as bandages and diagnostic devices such as blood sugar test kits still qualify for reimbursement without a prescription.

The Dependent Care FSA

The Dependent Care FSA lets you use pre-tax dollars toward qualified dependent care. The annual maximum amount you may contribute is \$5,000 (or \$2,500 if married and filing separately) per calendar year.

If you elect to contribute to the dependent care FSA, you may be reimbursed for:

- The cost of child or adult dependent care
- The cost for an individual to provide care either in or out of your house
- Nursery schools and preschools (excluding kindergarten)

Eligible Expenses

In order for dependent care services to be eligible, they must be for the care of a tax-dependent child under age 13 who lives with you, or a tax-dependent parent, spouse or child who lives with you and is incapable of caring for himself or herself. The care must be needed so that you and your spouse (if applicable) can go to work. Care must be given during normal working hours (instances such as Saturday night babysitting does not qualify) and cannot be provided by another of your dependents.

Is the FSA program right for me?

The flexible spending accounts offered by are beneficial for anyone who has out-of-pocket medical, dental, vision, hearing or dependent care expenses beyond what his or her insurance plan covers.

It's easy to determine if an FSA will save you money. At enrollment time, you will need to determine your annual election amount. Estimate the expenses that you know will occur during the year. These include out-of-pocket expenses for yourself and anyone claimed as a dependent on your taxes. If you had \$100 or more in recurring or predictable expenses, the accounts can help you stretch your dollars.

How do the accounts work?



Flexible Spending Accounts

If you decide to enroll in one or both of the accounts, your contributions are taken out of each paycheck—before taxes—in equal installments throughout the plan year. These dollars are then placed into your FSA. When you have an eligible health care or dependent care expense, you must submit a claim form along with an itemized receipt to be reimbursed from your account.

The health care reimbursement FSA will reimburse you for the full amount of your annual election (less any reimbursement already received), at any time during the plan year, **regardless of the amount actually in your account**. The dependent care FSA will only reimburse you for the amount that is in your account at the time you make a claim.



KNOW
YOUR
BENEFITS.

AMERICAN CENTRAL INSURANCE

Now that you know about the many ways you can use pre-tax earnings to keep more of what you earn, take a moment to fill out this worksheet to determine how much money you'll save. Simply check off the items you wish to save for and budget how much you'll spend in the upcoming year on those products and services. Fill in the estimate in the space next to each item. Then add up each category and place those totals in the corresponding section below the checklist.

HEALTHCARE EXPENSES (estimated) FOR EXPENSES NOT COVERED BY INSURANCE

- | | |
|---|-------------------|
| <input type="checkbox"/> Co-pays to doctors & pharmacies | \$ _____ |
| <input type="checkbox"/> Prescription drugs | \$ _____ |
| <input type="checkbox"/> Office visits & checkups | \$ _____ |
| <input type="checkbox"/> Prescribed sunglasses & eyeglasses | \$ _____ |
| <input type="checkbox"/> Contact lenses, solutions & supplies | \$ _____ |
| <input type="checkbox"/> Eye exams, surgery & LASIK | \$ _____ |
| <input type="checkbox"/> Dental cleanings, fillings & x-rays | \$ _____ |
| <input type="checkbox"/> Sealants, crowns, bridges & dentures | \$ _____ |
| <input type="checkbox"/> Braces, spacers & retainers | \$ _____ |
| <input type="checkbox"/> Wisdom teeth, implants & oral surgery | \$ _____ |
| <input type="checkbox"/> Psychologist & psychiatrist fees | \$ _____ |
| <input type="checkbox"/> Obstetrics & fertility | \$ _____ |
| <input type="checkbox"/> Lab tests & body scans | \$ _____ |
| <input type="checkbox"/> Chiropractic & podiatrist fees | \$ _____ |
| <input type="checkbox"/> Oxygen, insulin, syringes & supplies | \$ _____ |
| <input type="checkbox"/> Hearing aids, batteries & exams | \$ _____ |
| <input type="checkbox"/> Artificial limbs & braces | \$ _____ |
| <input type="checkbox"/> Arches & orthopedic shoes | \$ _____ |
| <input type="checkbox"/> Walkers, canes & wheelchairs | \$ _____ |
| <input type="checkbox"/> Physical & speech therapy | \$ _____ |
| <input type="checkbox"/> Weight-loss program (prescribed by doctor) | \$ _____ |
| <input type="checkbox"/> Quit-smoking program & medications | \$ _____ |
| <input type="checkbox"/> Alcoholism & drug treatment | \$ _____ |
| <input type="checkbox"/> Medical alert bracelet & fees | \$ _____ |
| <input type="checkbox"/> Reconstructive surgery (birth defect, disease) | \$ _____ |
| <input type="checkbox"/> Wigs for hair loss caused by disease | \$ _____ |
| <input type="checkbox"/> Special school for disabled child | \$ _____ |
| <input type="checkbox"/> Travel & mileage to doctor or hospital | \$ _____ |
| TOTAL | 1 \$ _____ |

DEPENDENT CARE EXPENSES(estimated)

- | | |
|---|-------------------|
| <input type="checkbox"/> Nanny & babysitter thru age 12 | \$ _____ |
| <input type="checkbox"/> Pre-K or nursery school | \$ _____ |
| <input type="checkbox"/> Before & after school care thru age 12 | \$ _____ |
| <input type="checkbox"/> Day camp thru age 12 | \$ _____ |
| <input type="checkbox"/> Daycare for a disabled adult or child | \$ _____ |
| <input type="checkbox"/> Elder daycare for parent or dependent | \$ _____ |
| TOTAL | 2 \$ _____ |

ESTIMATED ANNUAL EXPENSES AND TAX SAVINGS

1\$ _____ + **2**\$ _____ = \$ _____

Save between 25% and 40% on FICA, federal & state income tax (in applicable states) x 36%

Based on national averages, you'll save 25% if your annual household earnings are less than \$30,000

36% if you earn \$30,000 to \$60,000 or 40% if you earn more than \$60,000

YOU SAVE \$ _____

Federal and/or plan limits apply to all options. See your summary plan description for plan limits.

The following health care expenses qualify for reimbursement under a Flexible Spending Account (FSA) plan.*

Only health care expenses not reimbursed by insurance can be claimed.

(Rx) Prescription required effective 1/1/2011; (LOMN) Letter of Medical Necessity required from a physician

Acupuncture (excluding remedies and treatments prescribed by acupuncturist)	Hearing devices and batteries	Psychiatric care
Alcoholism treatment	Herbs (LOMN)	Psychologist and psychiatrist fees
Ambulance	Home health care	Radiology
Artificial limbs/teeth	Hospital bills	Reconstructive surgery in connection with birth defect, disease, or accident
Bedpans and ring cushions	Insulin	(LOMN)
Boost®/Pediasure® (LOMN)	Laboratory fees	Routine physicals and other non-diagnostic services or treatments
Chiropractors	Laser eye surgery	Smoking cessation over-the-counter drugs (Rx)
Christian Science practitioner's fees	Massages (LOMN)	Smoking cessation programs
Contact lenses and cleaning solutions	Medical supplies (syringes, needles, etc.)	Special supplements (LOMN)
Co-payments (doctor, dental, vision, pharmacy)	Minerals (LOMN)	Special school for disabled child (LOMN)
Costs for physical or mental illness confinement	Multivitamins (LOMN)	Special teeth cleaning system (LOMN)
Crutches	Office visits	Surgical fees
Deductibles	Obstetrics and fertility	Therapeutic support gloves (LOMN)
Dental fees (cosmetic procedures not eligible)	Oral surgery	Vitamins (LOMN)
Dentures	Orthodontic fees	Weight loss over-the-counter drugs (Rx)
Diagnostic fees	Orthopedic devices (LOMN)	Weight loss programs and fees pertaining to a specific disease (LOMN)
Dietary supplements and vitamins (LOMN)	Osteopath fees	Wheelchair
Endodontist fees	Over-the-Counter drugs that are medically necessary like allergy medications, aspirin, or antacids (Rx)	Wigs for hair loss caused by disease (LOMN)
Eyeglasses prescribed by your doctor	Oxygen	Vitamins, with doctor's letter of medical necessity
Eye examination fees	Periodontist fees	X-rays and MRI
Eye surgery (cataracts, LASIK, etc.)	Physician fees (cosmetic procedures not eligible)	
Foot spa (LOMN)	Podiatrist fees	
	Prescribed medicines	

Health care expenses that *do not qualify* for reimbursement under a Flexible Spending Account (FSA) plan.*

- Cosmetic surgery, procedures, and/or medications
- Dental bleaching
- Hair restoration (procedures, drugs or medications)
- Health club or gym memberships for general health
- Marriage and family counseling
- Over-the-Counter drugs or medications that are not prescribed by your physician
- Weight loss programs for general health or appearance
- Mail order prescriptions from another country
- Premiums you or your spouse pay for insurance coverage (Payroll-deducted premiums sponsored by your employer are eligible under the Premium Only Plan.)



Accepted Over-the-Counter (OTC) Items*

(Rx) Prescription required effective 7/1/2011. (OMNI) Letter of Medical Necessity required from a physician.

Antiseptics

- Antiseptic wash or ointment for cuts or scrapes (Rx)
- Antiseptic mouthwash (Rx)
- Benzocaine swabs (Rx)
- Boric acid powder (Rx)
- First aid wipes (Rx)
- Hydrogen peroxide (Rx)
- Iodine tincture (Rx)
- Rubbing alcohol (Rx)
- Sublimed sulfur powder (Rx)

Cold, Flu, Asthma and Allergy Medications

- Allergy medications (Rx)
- Bronchodilator/expectorant tablets (Rx)
- Bronchial asthma inhalers (Rx)
- Cold relief syrup, tablets and drops (Rx)
- Cough relief syrup, tablets and drops (Rx)
- Flu relief syrup, tablets and drops (Rx)
- Homeopathic sinus medications (Rx)
- Medicated chest rub (Rx)
- Nasal decongestant spray, drops or inhaler (Rx)
- Nasal strips to improve congestion (Rx)
- Sinus and allergy nasal spray (Rx)
- Sinus medications (Rx)
- Vapor patch cough suppressant (Rx)

Diabetes

- Diabetic lancets
- Diabetic needles
- Diabetic supplies
- Diabetic syringes
- Diabetic test strips
- Glucose meters
- Glucose tablets (Rx)

Ear/Eye Care

- Airplane ear protection (OMNI)
- Contact lens cleaning solutions
- Ear drops for swimmers (Rx)
- Ear water-drying aid (Rx)
- Ear wax removal drops (Rx)
- Homeopathic earache tablets (Rx)

Health Aids

- Anti-fungal treatments (Rx)
- Denture adhesives
- Diuretics and water pills (Rx)
- Hemorrhoid relief (Rx)
- Lice control (Rx)
- Medicated bandages
- Motion sickness tablets (Rx)
- Respiratory stimulant ammonia (Rx)
- Sleeping aids (Rx)

Miscellaneous Items

- Adhesive or elastic bandages
- Blood pressure meter
- Cold or hot compresses
- Eye drops (Rx)
- Foot spa (OMNI)
- Gauze and tape
- Gloves and masks
- Herbs (OMNI)
- Leg or arm braces
- Massagers (OMNI)
- Minerals (OMNI)
- Multivitamins (Rx)
- Saline nose drops (Rx)
- Special supplements (Rx)
- Special teeth cleaning system (OMNI)
- Thermometers
- Vitamins (Rx)

Pain Relief

- Arthritis pain reliever (Rx)
- Bunlon and blister treatments (Rx)
- Itch relief (Rx)
- Orajel® (Rx)
- Pain relievers, aspirin and non-aspirin (Rx)
- Throat pain medications (Rx)

Personal Test Kits

- Cholesterol tests
- Colorectal cancer screening tests
- Home drug tests
- Ovulation indicators
- Pregnancy tests

Skin Care

- Acne medications (Rx)
- Anti-itch lotion (Rx)
- Bunion and blister treatments (Rx)
- Cold sore and fever blister medications (Rx)
- Corn and callus removal medications (Rx)
- Diaper rash ointment (Rx)
- Eczema cream (Rx)
- Medicated bath products (Rx)

Stomach Care

- Acid reducing gum, liquid and tablets (Rx)
- Anti-diarrhea medications (Rx)
- Gas prevention tablets or drops (Rx)
- Ipecac syrup (Rx)
- Laxatives (Rx)
- Pinworm treatment (Rx)
- Upset stomach medications (Rx)

OTC items - not acceptable*

- Aromatherapy
- Baby bottles and cups
- Baby oil
- Baby wipes
- Breast enhancement system
- Cosmetics
- Cotton swabs
- Dental floss
- Deodorants
- Feminine care
- Hair regrowth
- Low "carb" foods
- Low calorie foods
- Oral care
- Petroleum jelly
- Shampoo and conditioner
- Skin care
- Spa salts
- Sun tanning products
- Toothbrushes

*Plan restrictions may apply. Check with your plan administrator.



FLEX PLAN CARD NO RECEIPT RETAILERS

CERTIFIED NO RECEIPT RETAILERS

Include major *pharmacy/grocery chains* such as:

Costco	H-E-B	Kmart	Publix	Super Valu Stores	Walmart/Sam's Club
CVS	Hy-Yee	Kroger	Rite Aid/Eckerd	Target	Wegmans
Duane Reade	Kerr Drug	Meijer	Safeway	USA/Super D	Winn-Dixie
Giant Eagle	Kinney Drugs	Pathmark	ShopKo	Walgreens	

Plus, there are more than 2,000 additional retail merchants that are certified no receipt retailers, representing over 40,000 retail locations.

To see if a store is a certified no receipt retailer, go to www.sig-is.org and click on the "Card Holders" link, then the "Store Locator" option. Additional merchants are being certified each week – check back if your merchant is not currently listed.

SIGIS (Special Interest Group for IAS Standards) is an industry group formed to produce and promote a voluntary industry standard solution to meet IRS requirements.

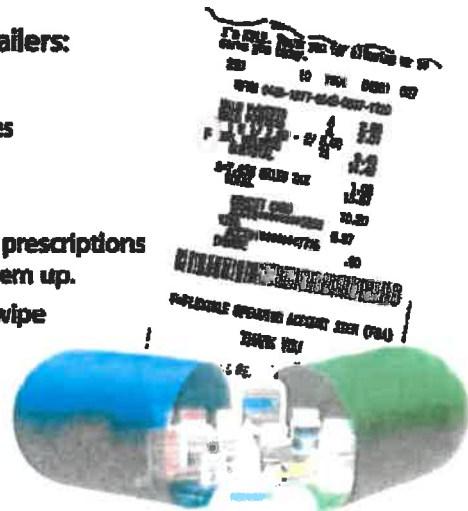
When you use your flex benefits card at certified retailers:

Only eligible purchases will ring up on your card.

You won't have to submit receipts to verify purchases made with your card.*

Here's how the flex benefits card works:

1. Take your over-the-counter (OTC) health care products, prescriptions and other items to the register and the clerk will ring them up.
2. Swipe your flex benefits card for payment (be sure to swipe your flex benefits card first).
3. The eligible amounts will be deducted from your health care account. The clerk will then ask for another form of payment for the non-health care eligible items.
4. The receipt will identify your health care eligible items and provide a subtotal of the health care eligible purchases.



*Please save all detailed merchant/service provider receipts for items purchased with your flex benefits card. The IRS requires that reimbursement requests for OTC drugs and medicines be accompanied by a physician's prescription in order to be reimbursed under Flexible Spending Accounts (FSAs), Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs).

**INSURANCE PRIVACY
AGREEMENT**

American Central Insurance understands the need to protect the privacy of Protected Health Information as defined under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Privacy Standards, 45 CFR164.501.

In recognition of that need and in consideration for a continued business relationship with yourself, this letter agrees to abide by and be bound by the following:

- Use or disclose Protected Health Information only as permitted or required by this agreement
- Use appropriate safeguards to prevent use or disclosure of Protected Health Information
- Not use or disclose Protected Health Information other than as permitted or required by law
- Not exhibit, copy, or disclose the contents of any documents containing Protected Health Information
- Not use any documents containing Protected Health Information, or the contents of such documents, to engage in illegal activities or to harass anyone
- Not seek personal benefit, or permit others to benefit personally, by use of Protected Health Information

Unless otherwise limited, we may (a) use Protected Health Information in our possession for proper management and administration and to fulfill any of our present or future legal responsibilities, provided that such uses are permitted under state and federal confidentiality laws; and/or (b) disclose Protected Health Information in our possession to third parties for the purpose of proper management and administration or to fulfill any of our present or future legal responsibilities, provided that we shall represent to the Company, in writing, that the disclosures are required by law, as provided for in 45 C.F.R. 164.504