



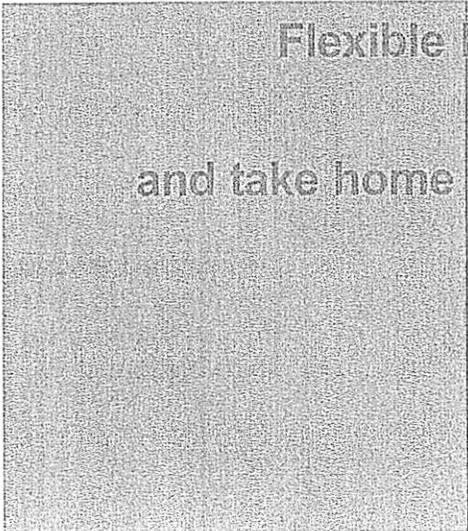
**You can make more
money this year...**

**with the
Flexible Benefits
Plan!**

Take advantage of your company's

Flexible Benefits Plan

and take home more money.



A Flexible Benefits Plan helps your paycheck buy more!

Sometimes referred to as a cafeteria plan, flex plan, or a Section 125 plan — a Flexible Benefits Plan lets you set aside a certain amount of your paycheck into an account — before paying income taxes. During the year you have access to this account for reimbursement of expenses you regularly pay for, such as health-care and dependent daycare. When you use tax-free dollars to pay for these expenses, you realize an increase in your spending power, and substantial tax savings.

Reimbursable expenses can include:

- Deductibles, Co-pays, and Prescription Drugs
- Expenses not covered by insurance
- Dental Services & Orthodontics
- Eyeglasses, Contacts, Solutions & Eye Surgery
- Weight-loss programs (associated with a specific disease)
- Chiropractic services
- Psychiatric care & Psychologist's fees.
- Smoking Cessation programs
- Adult & Child Daycare services
- And more!

Here's how it works...

Example: An employee makes \$2,000 each month and decides to participate in her employer's Flexible Benefits Plan. As a result, her insurance premiums and health and daycare expenses are paid with tax-free dollars, giving her an additional \$100 each month!

Without the Plan		With the Plan	
1,146		1,146	
\$ 1,100.00		\$ 1,200.00	
Gross Earnings	\$ 2,000	Gross Earnings	\$ 2,000
FICA, Federal, State Taxes	- \$500	Insurance Premium	- \$100
Insurance Premium	- \$100	Health and Day Care Expenses	- \$300
Health and Day Care Expenses	- \$300	Adjusted Gross Earnings	\$ 1,600
NET EARNINGS	\$ 1,100	FICA, Federal, State Taxes	- \$400
		NET EARNINGS	\$ 1,200

It's as easy as...

1 Carefully read this material and choose which options make sense for you to participate in.

2 Determine how much you expect to spend during the year for each option.

3 Complete the attached Participation Form and return it to your Human Resources Department.

Step I: Your Options

There are several accounts you can participate in with the Flexible Benefits Plan.

I: Healthcare Reimbursement Account

This account reimburses you for healthcare expenses not covered by insurance. You set aside money, tax-free, through regular payroll deductions. During the year, you can be reimbursed directly from your account for those qualified healthcare services provided that are not covered by insurance.

Common expenses that qualify for reimbursement are — doctor visits, deductibles, co-payments, prescriptions, mental health care, dental services and orthodontics, chiropractor services, eye exams, glasses and contacts.

II: Dependent Care Reimbursement Account

Dependent care expenses are those that are necessary for you and your spouse (if married) to be gainfully employed.

This account reimburses you for daycare expenses for eligible children and adults. Through regular payroll deductions, you set aside part of your income to pay for these expenses on a tax-free basis. To qualify, your dependents must be:

- a child under the age of 13, or
- a child, spouse or other dependent who is physically or

mentally incapable of self-care and spends at least 8 hours a day in your household.

Qualified expenses for reimbursement include — adult and child daycare centers, preschool and before/after school care.

Please note: A dependent care credit is available on your annual tax return. Whether or not to participate in the daycare portion of this plan depends on your income, filing status, number of dependents and annual daycare expenses. You will also receive your tax savings throughout the year, rather than once a year when you file your taxes. Contact your plan administrator for further information.

III: Additional Benefit

Your employer may have included benefits in addition to the programs described above. Your Human Resources Department will send notification, along with this enrollment brochure, if any such additional benefits are being offered at this time.

IV: Premium Savings Account

This account allows you to pay for your employer-provided health and other insurance premiums with tax-free dollars. If you are covered under your employer's health and/or other insurance plans, you are automatically enrolled in this account! Be sure to let your employer know if you don't want your premiums paid tax-free.

Step II: Determining Your Reimbursable Expenses

By completing the following information, you can calculate your annual reimbursable expenses.

Take into consideration the services to be provided during the upcoming plan year for you and your dependents.

Healthcare Expenses

Medical (1)*

Deductibles \$ _____
 Co-payments \$ _____
 Doctor visits \$ _____
 Prescriptions \$ _____

Other \$ _____
Total \$ _____

Vision (2)

Exams \$ _____
 Eye Surgery \$ _____
 Lenses/Frames \$ _____
 Contacts \$ _____
 Solutions \$ _____
 Other \$ _____

Total \$ _____

Dental (3)*

Routine Check-ups \$ _____
 Fillings/Crowns \$ _____
 Orthodontics \$ _____
 Other \$ _____
Total \$ _____

Dependent Daycare Expenses

Children \$ _____
 Adults \$ _____
Total \$ _____

Other Reimbursable Expenses**

Total \$ _____

Estimated Annual Expenses and Tax Savings

Total Healthcare Expenses (add 1 + 2 + 3) \$ _____
 Total Dependent Daycare Expenses \$ _____
 Total Other Reimbursable Expenses \$ _____
Total Expenses \$ _____
 Tax Bracket Percentage (see below) _____ %
 Annual Tax Savings \$ _____
(multiply total expenses by tax bracket percentage)

Savings Amount Per Paycheck

\$ _____
(divide total expenses by number of paychecks you receive each year - 52, 26, 24, 12)

Tax Estimate Table

Based on a combination of social security, federal, and state income taxes.

If your annual household earnings are:	Estimated tax rate is:
Less than \$30,000	25%
\$30,000 to \$40,000	29%
\$40,000 to \$70,000	31%
Greater than \$70,000	33%

These tax rates are estimates based on national averages and may not reflect your actual tax rate.

* Cosmetic procedures like teeth bleaching and face lifts are not eligible expenses for reimbursement.

** An "Additional Benefit" may not be offered by your employer. Check with your Human Resources Department.

Step III: Complete the Participation Form

Using the information you calculated in Step II, complete the attached Participation Form and return it to your Human Resources Department.

Questions & Answers

What is a Flexible Benefits Plan?

A benefit provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying income taxes. Then, during the year you can be directly reimbursed from your account for qualified healthcare and daycare expenses.

Why should I participate in the Healthcare Reimbursement Account when I already have health insurance?

This account is used to pay for expenses not covered by insurance. For example — annual physicals, co-payments, eye exams, glasses, orthodontics, prescription drugs, and hospital care to name a few.

If I set aside part of my pay, won't I make less money?

No. Your net take-home pay will increase by the amount of taxes you did not pay. An example of how it may work for you is detailed on the inside of this brochure.

Can I change my contributions during the year?

Only if you have a change in status such as: marriage, birth, adoption, or a change in your, your spouse's, or your dependent's employment status.

What if I currently take the dependent care credit on my annual tax return?

Whether or not to participate in the daycare portion of this plan depends on your income, filing status, number of dependents and annual daycare expenses.

The amount you deposit in your Dependent Care Reimbursement Account reduces the amount, dollar for dollar, that you can claim as a credit on your tax return. Contact your plan administrator for further information.

How do I get reimbursed for my expenses?

Once you have completed the attached Participation Form, you will receive a claim form and instructions on how to file your claim. Simply complete the form, attach a copy of the healthcare or dependent care bill, and mail or fax the form to your plan administrator. Within a short time, you will receive your reimbursement.

Do I have to wait for the money to be deposited in my account in order to make a claim for reimbursement?

The annual amount you have allocated for the Healthcare Reimbursement Account is available to you at any time throughout the plan year. The amount available to you from your Dependent Care Reimbursement Account is the amount you have contributed to date.

How do I know how much is available in my accounts?

Each time you are reimbursed you will receive a statement attached to your reimbursement check that shows the dollar amount you have set aside as well as the amount you have been paid to date. Contact your plan administrator for further options.

What happens to my accounts if I terminate my employment?

You will be able to request reimbursement for healthcare and daycare expenses for services provided prior to your termination. Check your SPD for any additional rights or benefits provided by your company's plan.

What if I don't use all of the money I set aside in my accounts?

Carefully review your estimated expenses before making the decision to participate. Any contributions that are not used during the plan year may not be paid to you in cash or used in a later plan year.

What if I am not covered under my company's health insurance plan?

Good news! You and your family can still participate in the Healthcare or Dependent Care Reimbursement Accounts.

How do I benefit by participating?

Your biggest advantage is the tax savings. Every dollar you set aside in your account reduces your income taxes, and you can be reimbursed for qualified expenses that you are already paying for!

Are there any negatives that I should know about?

Yes, because you are not paying any social security tax on that portion of your income that has been redirected, your social security benefits may be slightly reduced.

DAVEY ADMINISTRATION GROUP

559-436-6606

559-436-4850 Fax

Visit us on the Web

www.daveyfresno.com click on "EzFlexPlan"

OTC Drugs and Medicines Eligible with a Doctor's Prescription

In March, President Obama signed the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively "the Act"). The Act includes a number of modifications to employee benefit programs. This is the first in a series of compliance alerts WageWorks will provide focusing on changes required by the Act.

One provision that will affect your employee participants beginning January 1, 2011 is the requirement for over-the-counter (OTC) drugs, medicines and biologicals to be accompanied by a physician's prescription in order to be reimbursed under health flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and health savings accounts (HSAs). Below is a summary of this change and how it will impact plans and the participants' experience.

CHANGES TO OVER-THE-COUNTER ELIGIBILITY FOR REIMBURSEMENT

Under the Act, OTC drugs, medicines and biologicals will continue to be eligible for reimbursement as long as the request is accompanied by a doctor's prescription. This means items such as cough medicines, pain relievers, acid controllers, and diaper rash ointment will now require a doctor's prescription to be submitted along with the reimbursement request. Insulin and other OTC items, such as band-aids, will continue to be eligible without a prescription.

Since this change applies to all expenses incurred on or after January 1, 2011 it will affect all plans and participants at the same time, regardless of the plan year.

OTC drug expenses incurred on or after January 1, 2011 will require a doctor's prescription in order to be reimbursed under a health FSA, HRA or HSA. Expenses incurred prior to January 1, 2011 will not. For example, for a calendar year plan with a claim-it-by date of March 31, 2011, an OTC drug purchased on December 31, 2010, could be submitted before a plan's claim-it-by date of March 31, 2011, and still be reimbursed without a prescription.

This provision will also impact the use of all health care debit cards. Beginning January 1, 2011, merchants who are IAS certified will need to modify the list of items eligible for payment. This is because of the doctor's prescription requirement. Purchases of OTC drugs, medicines and biologicals will require another form of payment and then the employee can electronically submit a claim along with the doctor's prescription for the OTC drug, medicine or biological purchased. This change affects only OTC drugs, medicines and biologicals - bandages, home health-aids and other OTC items will still be eligible and can be purchased using the card without further documentation.

Though the specific list of items affected has not been completely assessed, the following categories of items will require a doctor's prescription and thus, cannot be purchased using a health care debit card:

- Acid Controllers
- Allergy & Sinus
- Antibiotic Products
- Anti-Diarrheals
- Anti-Gas
- Anti-Itch & Insect Bite
- Anti-parasitic Treatments
- Baby Rash Ointments/Creams
- Cold Sore Remedies
- Cough, Cold & Flu
- Digestive Aids
- Feminine Anti-Fungal/Anti-Itch
- Hemorrhoidal Preps
- Laxatives
- Motion Sickness
- Pain Relief
- Respiratory Treatments
- Sleep Aids & Sedatives
- Stomach Remedies

The following are examples of some of the items that will remain available without a doctor's prescription:

- Band Aids
- Birth Control
- Braces & Supports
- Catheters
- Contact Lens Supplies & Solutions
- Denture Adhesives
- Diagnostic Tests & Monitors
- Elastic Bandages & Wraps
- First Aid Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Wheelchairs, Walkers, Canes

It is important that you incorporate this information into your education and enrollment materials so participants understand the pertinent provisions of the health care reform when determining their elections for the new plan year.