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"Cafeteria Plans" are benefit programs offered through your employer that provide tax savings to you under Section 125 of the Internal Revenue Code. There are three components of the Plan and employers may pick and choose which components to offer to employees. If your employer offers all three components, you as the employee may pick and choose which component you wish to have.



### PREMIUM ONLY

Employees may choose to pay for elected health coverage plans on a "pre-tax" basis, providing the employee with more take-home pay.

Note: You have only one opportunity to enroll each year, unless you have a qualified "family status change" such as marriage, birth, divorce or loss of spouse's health plan coverage.

### UNREIMBURSED MEDICAL/DENTAL/VISION/RX FLEXIBLE SPENDING ACCOUNT (FSA)

Through your employer's payroll, you set aside a portion of your paycheck in an account to pay for health care expenses that are incurred during the plan year and not paid by your health plan. Medical care expenses must be primarily to alleviate or prevent a physical or mental illness. They do not include expenses that are merely beneficial to general health, such as vitamins or a vacation. The expense must be for you as the employee, your spouse, or dependents, regardless of their enrollment in the employer's health plan. After you incur the expense(s) (during the health plan year enrolled) that are not fully covered by your health care coverage, you submit a copy of the Explanation of Benefits or the provider's billing with proof of payment to Summit, who will then issue you a reimbursement check. A debit card is available, which allows you to swipe your card and funds are automatically deducted from your account. This eliminates paying up front and submitting paperwork for reimbursement.

Unreimbursed Expenses Include:

- \$ Deductibles
- \$ Copayments
- \$ Vision Exams
- \$ Coinsurance
- \$ Dental
- \$ Eyeglasses

For a complete listing of reimbursable expenses, refer to IRS Publication 502.

### HIGHLIGHTS

\$ Enrollment in any Section 125 plan "locks in" your enrollment selection until the next open enrollment period offered by your employer; or unless there is a "family status change" as defined in the Code

\$ Use it or Lose it: You must give some thought to calculating how much money to contribute for the year, because by law you will FORFEIT any money that you do not use in your account(s) by the end of the plan year.

\$ Expenses processed through a Section 125 plan may not be deducted on your income taxes.

### HOW DOES A FSA WORK?

At the beginning of the plan year, your employer asks you how much money you want to contribute for the year (there are limits). You may enroll in the unreimbursed medical account only, dependent care account only or for both accounts. Each account requires a separate dollar election.

### DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT (FSA):

If you are paying for child care for dependent children under the age of 13 in order to work for gainful employment, you may set aside a portion of your paycheck in an account to pay for those child care expenses on a pre-tax basis. This program also includes any dependents who are physically or mentally unable to care for themselves, regardless of age, including parents whom you claim on your taxes. For dependent care reimbursement, provide Summit with a receipt that includes: the dependent name, dates of care, dollar amount and the caregiver's SSN or TIN is required (cannot be a family member). Only the amount that has been deducted from your pay to date will be available for reimbursement. Dependent care accounts cannot exceed \$5,000 per household (\$2,500 if married, but filing separately). To calculate \$\_\_\_\_\_ per week times 52 = \$\_\_\_\_\_.

### HOW DOES THIS BENEFIT ME?

An FSA saves you money by reducing your income taxes. The contributions you make to a FSA are deducted from your pay BEFORE your Federal, State, or Social Security Taxes are calculated. The end result is that you decrease your taxable income and increase your spendable income.

## How does the FSA save me money?

	WITHOUT Flexible Spending Accounts	WITH Flexible Spending Accounts
<b>Annual taxable income</b>	\$30,000	\$30,000
<b>Pre-tax money deposited into Flexible Spending Accounts</b>	\$0	(\$2,000)
<b>Remaining Taxable Income</b>	\$30,000	\$28,000
<b>Less Annual Taxes</b>	(\$9,900)	(\$9,240)
<b>Take Home Pay</b>	\$20,100	\$18,760
<b>Take Home Pay spent on eligible health care and day care expenses</b>	(\$2,000)	\$0
<b>Disposable Income</b>	\$18,100	\$18,760
<b>Annual Tax Savings</b>		\$660

*\*This example demonstrates a typical tax savings based on 25% federal and 5.65% FICA taxes. Actual savings will vary based on your tax situation.*

### FSA covered expenses include, but are not limited to:

Acupuncture	CPAP Machine	Hormone Therapy	Physicals
Bandages	Counseling	Hospital Fees	Physical Therapy
Birthing classes or Lamaze	Crutches	Immunizations	Prescription Drugs
Blood Pressure Monitor	Deductibles	Lab Work	Prescription Glasses
Braces (Knee, ankle, wrist)	Diabetic Supplies	Lasik Eye Surgery	Sleep Deprivation Treatment
Chiropractic Services	Drug Addiction Treatment	Medical Testing Devices	Smoking Cessation
Coinsurance	Eye Exams	Naturopathy	Sterilization
Compression Stockings	Fertility Treatment	Orthodontia	Wheelchair/Walker
Contacts & Solution	First Aid Supplies	OTC drugs w/prescription	X-rays
Contraceptives	Flu Shots	Orthotics	
Copays	Hearing Aids	Oxygen and Equipment	

For a complete listing of reimbursable expenses, refer to IRS Publication 502.

### FSA excluded expenses, but are not limited to:

Retin-A	Insurance premiums of any type
Weight Loss Programs	Exercise programs, memberships and equipment
Vitamins/Nutritional supplements	Marriage Counseling
Cosmetic surgery, procedure or products	Gender Reassignment
Teeth whitening	Veneers



## How do I decide how much to contribute?

Annual Medical and Prescription Expenses	
Deductibles	\$
Copays (office, prescription)	\$
Coinsurance	\$
Annual Dental Expenses	
Deductible	\$
Coinsurance (fillings, crowns, dentures)	\$
Services not covered by insurance	\$
Orthodontia (braces)	\$
Annual Vision Expenses	
Eye Exams, Glasses, Contact Lenses	\$
<b>TOTAL ESTIMATED HEALTH CARE EXPENSES</b>	<b>\$</b>