

Flexible Spending Accounts



Maximize your Benefits

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Alliance Insurance Group
Employee Benefit Consultants

What can a Flexible Spending Account do for you?

Have you noticed your paycheck has money that was deducted to pay state and federal taxes and to fund Social Security (FICA) taxes? The taxes you pay are translated into a percent of pay. Each state's percentage is different but the average percentage is 20-30%.

Wouldn't it be great to cut your withholdings simply by setting money aside before taxes are calculated?

That's exactly what a FSA plan can do for you. The IRS developed the Section 125 plan to allow you to pay for certain health and dependent care expenses with pre-tax dollars. This benefits both you and your employer.

Simple and Easy!

All you need to do is determine a dollar amount that your employer will transfer to your FSA before calculating taxes each pay period. After the funds are transferred to your FSA, your gross income is lower, so the amount withheld for taxes is lower.

Use the money in your FSA to pay for certain out-of-pocket expenses, deductibles and coinsurance. If you're paying for dependent care services each month, you can put money aside pre-tax to cover those expenses as well.

BOTTOM LINE:

You have more money in your pocket each month!

	No FSA Plan	FSA Plan
Monthly Income	\$3,500	\$3,500
Pretax Medical Expenses	\$0	\$100
Pretax Daycare Expenses	\$0	\$400
Pretax Premiums (health & dental)	\$75	\$75
Taxable Income	\$3,425	\$2,925
Withholdings (28% for taxes, FICA & Medicare)	\$959	\$819
Post-Tax Medical Expenses	\$100	\$0
Post-Tax Daycare Expenses	\$400	\$0
NET INCOME	\$1,966	\$2,106

Choose Your Plan

You are funding your benefits based on future earnings. So when you are designing your plan, carefully estimate the costs you expect to incur in the coming year.

Health FSA pays for out-of-pocket medical expenses incurred during the plan year. This includes: copayments, deductibles, prescription drugs, diabetic supplies, eye glasses, dental services, orthodontics/braces and more.

Dependent Care FSA covers dependent day-care expenses while you (and your spouse) are at work. This benefit is eligible for children up to age 13 and for elder dependents (like aging parents) who live in your home. You and your spouse must work or attend school full time to be eligible for the Dependent Care FSA. Please note that if you're divorced or separated, the IRS only considers the custodial parent or guardian (the one who has custody more than 50% of the time) eligible for this account.

Individual Premium FSA is for any medically-related insurance billed to your home. (Please note: Some employers may not offer this benefit plan)

FLEX CARD

With your Flex Card, you have immediate access to your FSA. Just swipe the flex card like you would any credit/debit card at the time of purchase. Eligible expenses are recognized by the plan and will be deducted from your account. Your card can be used at eligible day-care centers, doctor/dental offices, clinics, vision centers and pharmacies as long as they accept Visa or MasterCard

ONLINE ACCESS

With this benefit, you have online access to view your account, view recent transactions, view available balance and file a claim online.

You may do this all through our website: www.allianceinsgroup.com

FAST CLAIMS

In some cases, you may need to file a manual claim for reimbursement. You can fax, e-mail, mail or submit claims online. The process is easy and fast. Simply download a claim form and submit to us with the receipts that you are requesting. The option to upload the claim to the online website is available as well. We encourage you to enroll in the Direct Deposit for faster processing of your claim. You may request a check for reimbursement but direct deposit is the fastest way, plus, it saves paper and a trip to the bank. Claims are usually processed within 2 to 3 business days!

KEEP IN MIND

All expenses must fall within the guidelines to be considered "eligible" for reimbursement. This benefit can only pay for expenses that are incurred during the current plan year. Expenses incurred in the previous year are not eligible for reimbursement even if you are paying for them in the new year. The only exception is orthodontia because it is considered an on-going service.

Please plan carefully. If you have money left in your account at the end of the plan year and you do not claim it within the run-out period (defined by your employer), you forfeit the money. The IRS passed regulations to add a 2 ½ month extension to the end of the plan year. This ruling allows you to receive services with the extension time period in order to claim leftover funds in your account. Please contact us to see if your employer added the extension to your plan.

FSA ELIGIBLE EXPENSES EXAMPLES

Acne treatments (Over the counter- RX needed)	Dental reconstruction (including implants)	Nasal sprays & strips (Over the counter- RX needed)	Smoking cessation gum or patches (Over the counter- RX needed)
Acupuncture	Dentures, bridges, etc.	Norplant insertion or removal	Speech therapy
Allergy & sinus medicine and products (Over the counter- RX needed)	Diabetic monitor, test kits, strips and supplies	Occupational therapy (related to a medical condition or disability)	Spermicidal (RX)
Alcoholism Treatment	Diagnostic services	OB/GYN fees	Sterilization
Allergy medication (RX)	Diaper rash ointments and creams (Over the counter- RX needed)	Occlusal guards to prevent teeth grinding	Student health fees billed for actual services received (dental, medical, prescription, vision)
Ambulance and emergency health services	Drug addiction treatment	Operations (for non-cosmetic purposes)	Sunglasses (RX only)
Anesthesia (for non-cosmetic purposes)	Drugs (prescription)	Operations for dental	Sunscreen with SPF 15+ and "broad spectrum", sunburn creams & ointments
Antacid (Over the counter- RX needed)	Ear drops and wax removal (Over the counter- RX needed)	Operations for vision	Surgery (for non-cosmetic purposes)
Antibiotic ointment (Over the counter- RX needed)	Eye drops and treatments (Over the counter- RX needed)	Optometrist / ophthalmologist fees	Teeth grinding prevention devices
Aspirin or other pain reliever (Over the counter- RX needed)	Eye examinations	Organ transplants (recipient and donor)	Therapy (for treatment of a medical condition)
Asthma medicines or treatments (Over the counter- RX needed)	Eye surgery or treatment to correct vision	Ortho keratotomy	Transportation, parking & related travel expenses (essential to receive eligible care)
Athletic treatments/braces	Eye glasses (Over the counter- RX needed)	Orthodontia (braces and retainers)	Tubal ligation
Bandages and related items (over-the-counter)	Fertility treatment (for employee, spouse or dependent)	Orthopedic & surgical supports	Urological products
Birth control (over-the-counter)	First aid kit (over-the-counter)	Over-the-counter bandages	Vaccinations
Birth control (RX)	Flu shots	Over-the-counter health care products (Rx needed)	Varicose vein removal surgery (for medical care)
Blood pressure monitor	Gastrointestinal medication (Over the counter- RX needed)	Over-the-counter drugs and medicines (including for motion sickness, sleep aids and sedatives) (Rx needed)	Vasectomy
Body scans	Hearing aids and batteries	Over-the-counter products for dental, oral and teething pain (RX needed)	Viagra and similar prescription medications
Breastfeeding classes	Hospital services and fees	Over-the-counter vision medications (Rx needed)	Vision co-insurance
Breast pumps (for a lactating woman)	Immunizations	Ovulation monitor (over-the-counter)	Vision co-payment
Canker & cold sore treatments (Over the counter- RX needed)	Incontinence supplies	Oxygen	Vitamins (prescription only)
Chest rubs (Over the counter- RX needed)	Infertility treatment (for employee, spouse or dependent)	Physical exams	Walking aids (canes, walkers, crutches and related supplies)
Chiropractic office visit or treatment	Insulin, testing materials and supplies	Physical therapy	Wart removal treatments (Over the counter- RX needed)
Cholesterol test kits and supplies	Laboratory fees	Pregnancy tests (over-the-counter)	Weight loss drugs (for treatment of a medical conditions) (RX Only)
Co-insurance (dental, medical, RX, vision)	Lactose intolerance (Over the counter- RX needed)	Prescription drugs (for non-cosmetic purposes)	Wheelchair and repairs
Co- payment (dental, medical, vision)	Laser eye surgery	Prosthesis	X-ray fees (dental, medical)
Cold & flu medicine (Over the counter- RX needed)	Lasik	Psychiatric care	
Condoms	Laxatives (Over the counter- RX needed)	Psychoanalysis	IMPORTANT REMINDER:
Contact lenses and solutions	Learning disability treatments	Psychologist fees	For each expense, you must be able to submit documentation from the provider or a third party that includes the following:
Contraceptives (Over the counter- RX needed)	Lice treatment (Over the counter- RX needed)	Radial keratotomy (Rx)	Date of Service/ Amount/ Provider/Type of Expense
Corn and callus remover (Over the counter- RX needed)	Listening therapy	Reading glasses (over-the-counter)	Some expenses may require additional documentation to establish eligibility such as a physicians statement or prescription
Corneal keratotomy	Mastectomy-related special bras	Removal of benign mole, cyst or tumor	Over the counter <u>MEDICATIONS</u> require a Prescription in order to be eligible for reimbursement. Should you have any specific questions, please contact us.
Cough drops, cough syrup, sore throat lozenges (Over the counter- RX needed)	Medical abortion (letter required)	Retin-A (for non-cosmetic purposes)	
Counseling (for treatment of a medical condition)	Medical equipment (for treatment of medical condition) and repairs	Sales tax, shipping and handling fees (for any eligible expenses)	
Crutches, canes, walkers or like equipment (purchase or rental)	Medical monitoring and testing devices	Smoking cessation (programs, counseling))	
Deductibles for dental, medical, prescription and vision plans	Monitors & test kits (over-the-counter)	Smoking cessation drugs (RX Only)	
Dental care (for non-cosmetic purposes, including sealants)	Motion & nausea medicines (Over the counter- RX needed)		

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