



Flexible Benefits Plan

StaffScapes is pleased to announce the *2011 enrollment* for our Flexible Benefits Plan. The Flexible Benefits Plan is a way for you to pay for certain expenses with earnings that can be excluded from your taxable income. Since the payment for these expenses are paid with money excluded from your taxable income, the difference (the amount that would have been paid in taxes) goes in your pocket. Medical/Dental care expenses as well as Dependant care expenses can be reimbursed to you with pre-tax dollars.

****Over the Counter Medications without a prescription are no longer reimbursable expenses****

Below is an example of an employee paying \$5,000.00/year in child care expenses and allocating \$125.00/month (\$1,500/year) for annual Medical and Dental Care costs, and the effects the Flexible Benefits Plan has on the employee's net spendable income.

	Before Flexible Compensation	After Flexible Compensation
Gross Weekly Salary	\$ 600.00	\$ 600.00
Salary Reductions:		
Medical and Dental Care	0.00	28.85
Child Care	0.00	96.15
Adjusted Gross Pay	600.00	475.00
Payroll Taxes:		
Federal Income Tax	76.00	56.00
State Income Tax	27.00	21.00
Social Security & Medicare	45.90	36.34
After Tax Pay	451.10	361.66
After Tax Expense:		
Medical and Dental Care	28.85	0.00
Child Care	96.15	0.00
Net Spendable Income	326.10	361.66
 Weekly Increase		 35.56
Annual Increase		\$ <u>1849.12</u>

The above example is for illustrative purposes only. Actual figures will vary, based on each individual's elections, filing status and applicable changes in tax laws. For additional information, please contact our Benefits Department at (303) 466-7864 or outside the Denver metro area (800) 551-7607.



Flexible Benefits Plan: Frequently Asked Questions

What is Flexible Spending?

It is a tax savings method of accumulating monies that you spend during the "Plan Year" on eligible expenses. The "Plan Year" is defined as a 12-month calendar year.

How will the Flexible Benefits Plan save tax dollars?

The monies accumulated in your flexible spending account will not be reported as earned income. There will be no taxes on this money and the tax savings will appear as increased take home pay. See Example.

What happens to my Flex Dollars?

Let's assume you'll spend \$5000.00 over a 52-week period for childcare (as in the prior example). Each week for 52 weeks we will credit your childcare account for \$96.15. On a monthly basis, you submit a receipt for paid childcare and we will send you a check for the amount of the receipt as long as services have been rendered and the amount does not exceed the balance in your Flexible Spending Account for childcare.

What if I have monies left in my account at the end of the plan Year?

In the Tax Reform Act of 1986, the IRS ruled that eligible expenses may only be taken in the Plan Year and you must submit receipts for reimbursement. All receipts must be for services received after your enrollment date in the Cafeteria Plan. Only estimate eligible expenses that you feel you can supply receipts for in the Plan Year. If you do not supply receipts you will forfeit any monies in your account. All receipts must be dated prior to the end of the Plan Year (December 31st) and received prior to March 31st of the following year.

What about medical reimbursements?

This is another way to create tax savings by flexing deductibles, examinations, office visits for medical, dental, vision and hearing. Please be sure to provide a copy of any applicable Explanation of Benefits (EOB) forms along with a corresponding receipt.

Will a Flexible Spending Account help me?

Each individual and/or family situation is different - so you must examine your own financial picture. For most taxpayers the flexing of childcare and medical expenses will save tax dollars providing you actually incurred the expense and can furnish paid receipts.

If my employment is terminated, what happens to my Flexible Spending Account?

Your plan year would then end as of your termination date, unless COBRA continuation is elected. If COBRA were not elected, no additional funds would be deposited to your account; however, you still may submit receipts for eligible expenses and receive your reimbursement for the Plan Year. Your receipts must be dated prior to the date of termination, and received within 90 days of that termination.



Estimate of Flexible Benefits Expenses

(Maximum \$1,500.00 Per Plan Year)

INSTRUCTIONS: Estimate how much you expect to spend during the next plan year for you and your dependents for the following items. (**NOTE:** These are expenses that will not be paid for by any insurance program and for which you will have receipts or canceled checks as verification of payment.)

ESTIMATED HEALTHCARE EXPENSES

MEDICAL

- | | | |
|---------------------------|----------|--------------------|
| 1. Doctor Office Visits | \$ _____ | yr. |
| 2. Well-Baby Care | \$ _____ | yr. |
| 3. Health Ins. Deductible | \$ _____ | yr. |
| 4. Co-Ins. (usually 20%) | \$ _____ | yr. |
| 5. Physicals | \$ _____ | yr. |
| 6. Immunizations | \$ _____ | yr. |
| 7. Prescription Drugs | \$ _____ | yr. |
| 8. Misc. Medical Costs | \$ _____ | yr. |
| Sub Total | | \$ _____yr. |

DENTAL

- | | | |
|-----------------------------|----------|--------------------|
| 1. Exams and Cleaning | \$ _____ | yr. |
| 2. Dental Ins. deductible | \$ _____ | yr. |
| 3. Fillings/Crowns etc. | \$ _____ | yr. |
| 4. Orthodontia | \$ _____ | yr. |
| 5. Implants, X-rays, Inlays | \$ _____ | yr. |
| 6. Fluoride treatments | \$ _____ | yr. |
| 7. Misc. dental costs | \$ _____ | yr. |
| Sub Total | | \$ _____yr. |

VISION

- | | | |
|---------------------------|----------|--------------------|
| 1. Exams | \$ _____ | |
| 2. Lenses and Frames | \$ _____ | |
| 3. Vision Ins. deductible | \$ _____ | |
| 4. Co-Ins. | \$ _____ | |
| 5. Contact Lenses | \$ _____ | |
| 6. Misc. Vision Costs | \$ _____ | |
| Sub Total | | \$ _____yr. |

HEARING

- | | | |
|------------------|----------|-------------------|
| 1. Exams | \$ _____ | |
| 2. Hearing Aid | \$ _____ | |
| 3. Other | \$ _____ | |
| Sub Total | | \$ _____yr |

TOTAL ESTIMATED HEALTHCARE EXPENSES **\$ _____yr.**



Expenses Reimbursable From a Flexible Spending Account

Below is a listing of some of the expenses that are eligible to be reimbursed under a qualified Flexible Spending Account. This listing does not include all expenses so please contact StaffScapes to review your specific expenses and eligibility.

Qualified Events

Employees can make changes to their plan elections, when certain “qualified” events occur. These changes must be made within 30 days of the qualified event. Some examples of a qualified event are:

- Marriage or Divorce
- Birth or adoption of a child
- Death of a spouse or child
- Start or termination of employment
- A change from part-time to full-time status
- A significant change in health coverage

These are just some examples of Qualified Events, and each participant’s specific event must be reviewed to assure eligibility.

Abortion Legal

Acupuncture

Alcoholism and drug abuse

Ambulance

Artificial limb

Artificial teeth

Birth control pills and devices

Braille books and magazines

Breast reduction - medically necessary

Car controls - special equipment installed in a car for the use of a person with disabilities.

Chiropractor

Christian Science practitioners

Contact lenses

Crutches

Deductibles & Co-pays

Dental treatment

Eyeglasses

Fertility - Treatment of infertility

Flu shots

Guide dog

Hearing aids

Hospital

Human guide

Impotence or sexual inadequacy

Insulin

Laboratory fees

Laser eye surgery

Lead-based paint removal

▶▶ **Massage Therapy ONLY with Dr. Diagnosis and prescription**

Medical aids - Medical aids such as false teeth, hearing aids, orthopedic shoes, crutches and elastic hosiery are reimbursable.

Medical monitoring and testing devices

Medical records charges

Norplant insertion or removal

Orthodontia

Orthopedic shoes

Organ donor

Osteopath

Oxygen

Physical therapy

Pre-existing conditions - Medical expenses not covered because of the plan's pre-existing condition limitation are reimbursable.

Prescription drugs

Prescription sunglasses

Prosthesis

Psychiatric care

Psychoanalysis

Psychologist

Radial Keratotomy

Seeing-eye dog

▶▶ Smoking cessation program (over-the-counter) with prescription

Sterilization

Substance abuse

Telephone & Television - Special equipment for a hearing-impaired person

Transportation - Can deduct 12 cents a mile for use of car to obtain medical care, and parking fees and tolls can also be deducted.

Vaccines

Vasectomy

Vision care

Well baby care

Wheelchair

X-ray fees

NOTE: THE FOLLOWING ITEMS ARE NOT ELIGIBLE FOR REIMBURSEMENT

▶▶ Over-the-Counter Medications without prescription

Holistic & Natural Remedies

Contact Lens replacement Insurance

Cosmetic Surgery

Electrolysis & Hair Transplants

Over-the-Counter Vitamins

Funeral and burial expenses

Health club dues

Cosmetic dental work

▶▶ Teeth whitening/bonding - Cosmetic

Exercise equipment

If you have any questions about your rights under a Flexible Spending Account please contact StaffScapes, Inc. at (303) 466-7864 or outside the Denver metro area (800) 551-7607.



General Plan Information

- Your plan year information is available through StaffScapes benefits department.
- Expenses must be incurred during the plan year and receipts must reflect actual Date of Services rendered.
- Each employee must use the amount in the flexible spending account by the end of the plan year, or lose it. The “use it or lose it” rule means that employees cannot take cash at the end of the year for amount not used.
- Funds remaining at the end of each plan year may not be rolled over to the next year. These funds will be used to offset expenses for the plan .
- 90 days are allowed beyond the end of the plan year to request reimbursement of any funds remaining in your account. **LATE CLAIMS WILL NOT BE CONSIDERED.** Mailed claims must be postmarked by the last day of the 90-day grace period to be accepted.
- Upon termination of employment, eligibility for the 125 plan also terminates. Reimbursements for expenses incurred during the time of employment may be requested through the 90 days following the termination date. You may be eligible to elect Flex COBRA in order to continue your Flex Plan. Please consult StaffScapes Benefits Department for further information.
- The opportunity to participate in the plan is given at the beginning of the plan year, or when you become eligible upon employment. It may not be changed during the plan year unless there is a qualifying event, per IRS regulations, such as the employee’s marriage or divorce, birth or adoption of a child of the employee, change in daycare provider, death of an employees spouse or dependent, termination or drastic change in hours of employment of the employee or the employee’s spouse.
- Because social security is now based on your reduced (adjusted) gross income, those benefits, when you become eligible for them, could be reduced.

Medical Expense Account Information

- Only medical expenses may be reimbursed through the medical expense account.
- Out-of-pocket medical expenses include those services incurred by other family members (spouse and dependents) in addition to the participant.
- Medical expenses may not be reimbursed under any other plan.
- If utilizing the medical expense reimbursement through Flex, those dollars allocated cannot apply toward a medical deduction (7.5% of gross income) for your income taxes.
- The maximum allowed for the medical expense account is \$1500.00 per year.
- Receipts are required for the medical expense account reimbursement. (If expenses are covered through your health plan, they should be submitted to your insurance carrier). You may attach an explanation of benefits statement from your insurance

carrier, which shows the date(s) of service, etc. or a receipt. Please note that receipts must show the DATE OF SERVICE (with in the current plan year), DESCRIPTION OF SERVICE, AND PAYMENT FOR EACH SERVICE. Check copies alone are not acceptable.

Dependent Care Expense Account Information

- Only dependent care expenses may be reimbursed through the dependent care expense account.
- Dependent care expenses include day care expenses for dependents under the age of 13 and/or care for the elderly. Expenses for dependent care are eligible if it allows you to work. The Dependent Care account can only be used for daycare or before/after-school care. Tuition for education beyond kindergarten is non-reimbursable, unless this is classified as a special need due to handicap.
- The Internal Revenue Service will require the Social Security Number and/or Tax Identification Number of all dependent care providers you have utilized throughout the year on your personal income tax form. (If not an institution, the day care provider may be a relative, but must be at least 19 years old and be reporting your expense as their income).
- IRS limits dependent care reimbursement to a maximum of \$5000.00 yearly per family (or \$2500.00 yearly if married and filing single).
- Receipts are required for Dependent Care Expense Account reimbursement. Any written statement showing dates of service, description of service, amount paid and provider's signature will be sufficient. Please note that the IRS will require the Tax Identification Number and/or social Security Number of all day care providers you have utilized throughout the year on your personal income tax form.

NOTE: It is wise to keep copies of all submitted paperwork for yourself in case any are lost in transit to StaffScapes, Inc. In most cases claims will be paid within one month of submission.

StaffScapes, Inc.



1070 W. 124th Ave., Suite 900, Westminster, CO 80234
Phone: (303) 466-7864; Fax: (303) 466-7947

FLEXIBLE BENEFITS PLAN ELECTION FORM

Employee Name:

Social Security Number:

_____-_____-_____
First Initial Last

_____-_____-_____
Address City State Zip

Effective Date: ___ / ___ / _____

You may elect to make your benefit contributions on a pre-tax rather than after-tax basis. By deducting contributions from your salary before taxes are taken out, tax savings can be generated which means more spendable income.

I elect to reduce my salary by the benefit amount(s) shown below, thereby converting my regularly scheduled payroll deduction for the benefit(s) stated below from an after-tax basis to a pre-tax basis. The purpose of this deduction is to participate in the Flexible Benefits Plan.

Please check each benefit below that you wish included in the Flexible Benefits Plan:

<u>Benefit Type</u>	<u>Amount to be Deducted</u>
____ Health Insurance	<u>Entire monthly premium</u>
____ Dental Insurance	<u>Entire monthly premium</u>
____ Vision Insurance	<u>Entire monthly premium</u>
____ Dependant Care	\$ _____ (\$5000 per family max)
____ Medical Expenses	\$ _____ (\$1500 annual max)

My signature below indicates that I have read and understand that my election is effective as of the above date and continues in effect until the next annual election period. I ALSO UNDERSTAND THAT I CANNOT AMEND OR TERMINATE MY ELECTION UNTIL THE NEXT ANNUAL ELECTION PERIOD OR UNLESS I HAVE A QUALIFYING EVENT AS DEFINED BY THE IRS (MARRIAGE, DIVORCE, JOB TERMINATION, BIRTH OF A CHILD, ETC.)

Employee's Signature

Date