

## Flexible Spending Accounts

Pay your eligible medical and dependent daycare expenses with pre-tax dollars and the swipe of the MGIS Benefits Purchasing Card

### WHAT ARE FLEXIBLE SPENDING ACCOUNTS?

Flexible Spending Accounts (FSAs) are IRS-regulated plans that allow you to put a portion of your income — on a pre-tax basis — into an account to pay for certain medical, dental, and other healthcare expenses not otherwise covered by your health insurance. Depending on your tax bracket, you could save up to 45% on every plan dollar spent.

### WHAT IS A HEALTHCARE REIMBURSEMENT ACCOUNT (HCRA)?

A HCRA plan allows you to set aside pre-tax dollars from your salary to pay for qualifying medical expenses not normally covered by your insurance. Examples of eligible expenses include the cost for a co-pays, prescriptions, or certain over-the-counter medications.

### HOW YOUR HCRA WORKS

You will have access to your entire elected amount once your plan is activated, allowing you to pay for services even before money is deducted from your pay. For example, if your annual election is \$1,200, you would have \$100 deducted from your pay each month and deposited in your HCRA. If in March, you decide to have Lasik eye surgery at cost of \$1000, you can pay for the procedure with your HCRA funds, even though only \$300 has been deducted from your pay.

**Please note:** IRS guidelines state that any funds left in your account at the end of the plan year will be forfeited to the plan sponsor.

### WHAT IS A DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA)?

A DCRA plan allows you to set aside pre-tax dollars from your salary to pay for qualifying child and dependent care expenses. Examples of eligible expenses include the cost for a baby-sitter, a licensed daycare center, or nursery school. Participating in a DCRA plan will typically save you more money than taking the dependent care tax credit on your tax return.

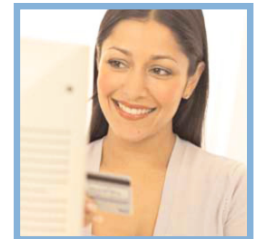
### HOW YOUR DCRA WORKS

After estimating your yearly dependent care expenses you decide how much to set aside for your DCRA. Your employer will deduct these funds from each paycheck (before taxes) and put them in a DCRA. You may set aside up to \$5,000 per year (if single, or married and filing jointly) or \$2,500 per year if married and filing a separate tax return. You will only have access to the amount of money you have deposited in your account year-to-date.

### THE MGIS BENEFITS PURCHASING CARD SAVES YOU TIME AND MONEY

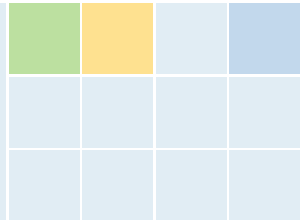
Instead of an out-of-pocket payment for an eligible expense at the point of service, you can use this MGIS Benefits Purchasing Card the same way you would use a credit card, except the money is debited from your pre-tax spending or savings account. Eligible expenses will be deducted automatically from your account. There are no out-of-pocket expenses at the point of service, and no need to file a claim or wait weeks for reimbursement.

*continued* →



### MGIS TAKES CARE OF ALL THE DETAILS

*Behind the scenes, MGIS* monitors our transactions to ensure compliance and provides accurate, periodic on-demand reporting to your employer. You may also monitor your accounts at any time by using convenient online access to your HCRA or DCRA accounts. Additionally, MGIS service representatives are available toll-free to help during regular business hours. Please call MGIS at 1-866-937-3539. To check your account balance 24/7, visit our website at [www.mgis.com/cdh](http://www.mgis.com/cdh) or call 1-866-937-3539.



## Flexible Spending Accounts, cont.

If your service provider does not accept Visa® or MasterCard®, you have the option of paying for the service and then submitting a manual Medical Reimbursement Request Form and/or a Dependent Daycare Reimbursement Request Form to MGIS. These forms are available at [www.mgis.com/cdh](http://www.mgis.com/cdh).

### *Great Tax Savings*

	Without a Flex Plan	With a Flex Plan
<b>Annual Income</b>	\$40,000	\$40,000
<b>Contribution to Account</b> (before taxes)	\$0	\$2,000
<b>Taxes Paid</b> (estimated at 35%)	\$14,000	\$13,300
<b>After-Tax Income</b>	\$26,000	\$26,700
<b>Increase in Annual After-Tax Income</b>		\$700

Estimate your possible tax savings with an HCRA or DCRA. Log on to [www.mgis.com/cdh](http://www.mgis.com/cdh) and use the MGIS Employee Flex Calculator.