

2009

KNOX COUNTY GOVERNMENT FLEXIBLE SPENDING ACCOUNT FORM

EE# _____

Plan Annual
Participation Limits:

Effective Date: _____
To be determined by HR Staff

Minimum \$ 500.00
Maximum \$ 5,000.00



PLEASE READ & FILL OUT FORM COMPLETELY

<input type="checkbox"/> New Hire			<input type="checkbox"/> Open Enrollment			<input type="checkbox"/> Qualifying Event			Date of Hire: _____			
Last Name				First Name				MI		Participant TASC ID # (if known)		
Street Address						City			State		Zip	
Elected / Appointed Official				Department				Daytime Phone: _____				

<p align="center">Medical</p> <p>By signing this form, I authorize my employer to deduct the following annual amount for eligible medical expenses:</p> <p>Annual amount elected \$ _____</p> <p>How often are you paid?</p> <p><input type="checkbox"/> Every 2 weeks (26) <input type="checkbox"/> Twice a month (24)</p>	<p align="center">Dependent Care</p> <p>By signing this form, I authorize my employer to deduct the following annual amount for eligible dependent care expenses:</p> <p>Annual amount elected \$ _____</p> <p>How often are you paid?</p> <p><input type="checkbox"/> Every 2 weeks (26) <input type="checkbox"/> Twice a month (24)</p>
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- Check here if you request your spouse to have his/her own card privileges for 2009.
- Check here if you authorize your spouse to discuss any information on your account with C & J.

Spouse's Name: _____

- This agreement is subject to the terms of my Employer's Medical Reimbursement Plan, and this Election shall take effect as a sealed instrument under applicable laws and revokes any prior election and compensation reduction agreement relating to the Employer's FSA. I am aware that if I enroll in the MFSA or DFSA Section 125 Medical Reimbursement Plan I will receive a Benefits Card in which to purchase eligible expenses.
 - I understand I **MUST** keep receipts for each and every FSA purchase to remain in compliance with IRS guidelines and the rules set forth by my employer. Should I fail to substantiate requested receipts within 30 days my card may be temporarily deactivated.
 - I understand I cannot change or revoke my election mid-year unless I experience a change in status as defined by the IRS.
 - I understand this election is valid for the 2009 plan year only, and that each year I am required to make a new election.
 - Should I misuse this card, I will be required to repay my employer the amount of the ineligible expense. My employer has the right to deduct any unsubstantiated or ineligible item from my paycheck on an after tax basis or collect this amount in the form of a personal check or bank check.
 - Again, I understand the critical nature of **KEEPING ALL RECEIPTS** for purchases under the plan!
 - My Spouse - if applicable - has read and understands all rules and documents that pertain to this plan and card use.
- I certify the above information to be true to the best of my knowledge and that the children for whom I will be claiming dependent or child care expenses either reside with me in a parent-child relationship or are legally dependent on me for their support. I agree to have my compensation reduced by the deduction amount(s) stated above. I understand that any amounts remaining in my account(s) not used for qualified expenses incurred during the plan year will be forfeited in accordance with current Plan provisions and tax laws.

Employee Signature: _____ **Date:** _____

Spouse's Signature: _____ **Date:** _____

Pre-Tax Example

	Without FlexSystem	With FlexSystem
Gross Pay	\$3,500/mo	\$3,500/mo
Pre-Tax Benefits		
-Medical/Dental Premiums	0	300
-Medical Expenses	0	100
-Dependent Care Expenses	0	400
TOTAL	<u>0</u>	<u>800</u>
Wages subject to tax	3,500	2,700
Federal Tax	525	405
FICA Tax (Social Security)	268	207
State Tax	175	135
Out-of-Pocket expenses	<u>800</u>	<u>0</u>
Spendable Income	1,732	1,953

Net Increase in Take-Home Pay = \$221/mo

This is just an illustration and actual numbers may vary. Paying certain qualified expenses before tax increases your take-home pay.

Questions Frequently Asked by Employees

1. What does FlexSystem offer?

FlexSystem offers you a choice to pay for certain qualified benefits on a pre-tax basis. Paying for certain benefits with pre-tax dollars reduces the amount you pay in taxes and increases your take-home pay. Every dollar paid on a pre-tax basis results in a savings to you. (See example in box.)

2. Any cost or fee to me?

No.

3. Must I participate in my employer's health insurance?

FlexSystem is not tied to any insurance plan or company. You may participate in FlexSystem regardless of your particular insurance provider.

4. What are qualified medical expenses?

These expenses include dental care, prescriptions, eyeglasses, and out-of-pocket medical expenses not covered by insurance. In addition, any over-the-counter medication needed to alleviate or treat personal injuries and/or illness are eligible. However, vitamins and other dietary supplements taken for general health purposes are not eligible. Here are some examples of eligible expenses. (This list is for reference only. For an entire listing visit www.irs.gov.)

Alcoholism, treatment of
Ambulance hire
Birth control
Braces
Chiropractors
Co-insurance
Contact lenses and cleaning solution
Deductibles
Dental fees, unless cosmetic

Diagnostic fees
Eyeglasses, including exam fee
Hearing devices and batteries
Insulin
Laboratory fees
Medical supplies
Nurses' fees
Orthodontia
Orthopedic shoes

Over-the-counter medications
Prescribed medicines
Psychiatric care
Routine physicals and other non-diagnostic services and treatments
Surgical fees
Transportation expenses primarily for rendition of medical services
X-rays

5. How does the Dependent Care Account compare with the tax credit available on the individual Form 1040?

The circumstances that determine which option offers greater savings vary from family to family, as such, the decision to choose the tax credit or the dependent care deduction may be made on a case by case basis only. Participation in FlexSystem results in an immediate savings on Federal, State and Social Security tax, whereas the Federal credit will affect Federal Income Tax only and will be taken at year-end.

6. How does a Cafeteria Plan affect Social Security benefits?

Reduction of your Social Security benefits will be minimal and is offset by the tax savings and lower health care costs available under FlexSystem. To compensate for this minimal reduction you may consider increasing your retirement plan funding.

7. Under what circumstances can the annual election be changed?

The elections may be changed only if there is a change in family or employment status. See the "Change of Elections Form" for more detail.

8. What is the "Use-It-or-Lose-It" rule?

Any funds left unused at the end of the Plan Year are forfeited. Take precautionary steps to avoid having balances in the Flexible Spending Accounts at year-end. The key is to be conservative when making elections.

9. Who determines the rules and regulations of FlexSystem?

Flexible Spending Accounts are regulated by the IRS. Our documentation guidelines are intended as a means to ensure eligibility of your requests for reimbursement. It is the participant's responsibility to comply with these guidelines and to avoid duplication of requests or submission of ineligible charges. Failure to adhere to the above requirements could lead to payment delays or denial of expenses.

In the event of an error or omission in the course of administering the Plan on behalf of the employer and participating employees, TASC will notify and remedy the error or omission within a reasonable period of time following the error or omission. The employer and employees agree to TASC's procedures for making any corrections, including but not limited to payroll reduction. An error by the employer or TASC does not constitute an assumption of liability for the amount of the error.