

Flexible Compensation Enrollment Form

For enrollment assistance call 1-800-422-4661, and press 1 for client services. Have your enrollment form, group number and company name ready. Ask for a FlexSystem Enrollment Specialist. Refer to instructions on bottom half of page.

P L E A S E P R I N T	Group Number		Employer Name		Social Security Number	
	Employee Last Name	First Name	Middle Initial		Enrollment Check One: <input type="checkbox"/> New <input type="checkbox"/> Renewal	
	Employee Address			City	State	Zip Code
	Number of payrolls affected for mid-year enrollment only _____					

I request the following amount(s) to be deducted pre-tax:	Annual Benefit Amount	
1. Non-Employer Sponsored Premiums (106P) (Independently-purchased insurance)	\$ _____	Every line must have an amount indicated. Please enter zero (0) on the lines where no amount is being deducted.
2. Medical Expenses (EEXP) (Out-of-pocket medical expenses)	\$ _____	
3. Dependent Day Care (DEPC) (Not to exceed \$5,000 in a calendar year)	\$ _____	
4. Transportation Expenses (TRAN)	\$ _____	

AUTHORIZATION: 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. I further understand that the Flexible Compensation deduction(s) will be in effect for the entire plan year and cannot be revoked unless I experience a change in my family status or employment. I understand that my share of eligible group premium(s) will be automatically deducted before taxes. I also understand that if I do not wish to take advantage of having my eligible insurance contributions deducted pre-tax and prefer to be taxed on these dollars, I will contact my payroll department.

Signature _____ Date _____

Enrollment Form Instructions

Group Number and Employer Name: Enter your group number and name in the space indicated. Refer to your employer for the correct number and name. Make sure to have this information available when calling for enrollment assistance. Check whether this enrollment is for a new (first-time) enrollment or renewal of a previous flexible spending account. If this is a mid-year election, calculate only the number of payroll deductions left in the year.

- 1. Non-Employer Sponsored Premium:** Privately purchased insurance premiums, including health, disability, cancer and term life insurance. Group insurance premiums deducted from your paycheck for your employer-sponsored plans **DO NOT** qualify within this category. Insurance premiums deducted through your spouse's employer are not eligible. Term life insurance premiums for the employee only can be deducted up to the first \$50,000 (in death benefits). (Include any term life elected through your employer sponsored premiums to determine limits.)
- 2. Medical Expenses:** This amount is usually paid per year toward deductible and co-insurance portions of health insurance, dental expenses, orthodontic expenses, eyecare and other miscellaneous health care expenses. After determining the payroll amount, multiply that number by the number of payrolls to determine your annual election, rounding any odd cents. Check your Employee Data Form or consult with your employer to determine if there are any limits to the amount you can deduct.
- 3. Dependent Day Care:** Amount paid for day care expenses per year. The maximum allowable amount under IRS regulations is \$5,000 per calendar year per family. This limit holds fast regardless of the number of dependents you may have.
- 4. Transportation Expenses:** Amount paid for costs associated with a commuter highway vehicle to travel to and from work per year. Includes costs associated with transit passes, as well as qualified parking. Not to exceed \$105 per month for highway vehicle or transit passes and \$200 per month for qualified parking per year.

Signature and Date: Make sure to sign and date the enrollment form. **Return the completed and signed form to your employer.**

Pre-Tax Example

	Current	Proposed
Gross Pay	\$738/mo	\$738/mo
Pre-Tax Benefits		
-Medical/Dental Premiums	0	29.00
-Medical Expenses	0	50.00
-Dependent Care Expenses	0	50.00
TOTAL	<u>0</u>	<u>129.00</u>
Wages subject to tax	738.00	609.00
Federal Tax	55.08	35.73
FICA Tax (Social Security)	55.43	45.54
State Tax	34.48	25.58
Out-of-Pocket expenses	<u>129.00</u>	<u>0</u>
Spendable Income	464.01	502.15

Net Increase in Take-Home Pay = \$38.14/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 to me?

No.

3. Do I need to change insurance providers to participate?

Because FlexSystem is not tied to an insurance plan or company, there is no need to change insurance providers.

4. What are qualified medical expenses?

These are expenses such as dental care, prescriptions, eyeglasses and out-of-pocket medical expenses that may not be covered by insurance premiums. 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:*

Alcoholism, treatment of	Diagnostic fees	Orthopedic shoes
Ambulance hire	Eyeglasses, including exam fee	Prescribed medicines
Birth control pills	Hearing devices and batteries	Psychiatric care
Braces	Insulin	Routine physicals and other non-diagnostic services and treatments
Chiropractors	Laboratory fees	Surgical fees
Co-insurance	Needed medical supplies, prescribed by doctor	Transportation expenses primarily for rendition of medical services
Contact lenses and cleaning solution	Nurses' fees	X-rays
Deductibles	Orthodontia	
Dental fees, unless cosmetic		

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

Because the circumstances that determine which option offers greater savings vary from family to family, the decision to choose the tax credit or the dependent care deduction can only be made on a case by case basis. Participation in FlexSystem results in an immediate savings on Federal, State and Social Security tax, whereas the Federal credit will only affect Federal Income Tax 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 can be changed only if there is a change in family or employment status. See the "Operations Summary" for more detail.

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

This rule is the same as paying an insurance premium. If you do not use the health care, the premium is not returned. Precautionary steps are taken to avoid having balances in the Flexible Spending Accounts at year-end. The key is to be conservative when making elections. See the "Operations Summary" for more details.

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 claims for reimbursement. It is the participant's responsibility to comply with these guidelines and to avoid duplication of claims or submission of ineligible charges. Failure to adhere to the above requirements could lead to payment delays or denial of expenses.

*This list is for reference only. It is not a complete list of deductible items. The Internal Revenue Service makes determinations of approved expenses on a yearly basis.

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 in a reasonable period following the error or omission. The employer and employees agree to TASC's procedures for correcting 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.

The information contained in this communication is confidential and is to be used by TASC employees and representatives for its intended purpose only.