

Why would you pay **\$9.99** for a bottle of aspirin if you could **pay \$7.00** for it?

Added benefit: an IRS Grace Period adds 2-1/2 months to your plan year.

Use your Flexible Spending Account funds for an extra 2-1/2 months.

The BESTflex Plan saves you money

The BESTflex Plan makes it easy for you to set aside a portion of your earnings and use it to pay for certain insurance, medical and daycare expenses. Because dollars you place in the BESTflex Plan are exempt from Federal, State and FICA taxes, you'll save roughly 30%* in taxes for each dollar you contribute.

Direct those savings towards eligible BESTflex Plan expenses and a \$9.99 bottle of aspirin could cost \$7.00. A week of daycare could cost \$70 instead of \$100 and your \$30 health insurance premium could cost you \$21.



Your elections are applied to accounts

Group Insurance Premium Payments

Your employer already withholds money from each of your pay checks to pay for your medical or other group insurance premiums. With the BESTflex Plan, this withholding becomes an automatic, pre-tax deduction.

Health Care FSA

The Health Care Flexible Spending Account (FSA) reimburses you for certain out-of-pocket medical, vision, dental and over-the-counter drug expenses

that are not covered by your insurance. Doctor visits, coinsurance and copays are some of the eligible Health Care FSA expenses. Additional examples of eligible expenses are included inside.

Dependent Care FSA

You can use the Dependent Care FSA to pay for daycare expenses incurred for the care of your child(ren) or other dependents. You (and your spouse, if you are married) must either work or be a full-time student to take advantage of the Dependent Care FSA.

You make BESTflex Plan elections

You decide how much pre-tax money to place into the BESTflex Plan using the BESTflex Plan Enrollment Form, provided by your employer. Your election amounts are divided by the number of paychecks in your Plan Year, rounded down** to the nearest penny.

Your employer withholds that amount from your paycheck. This money is used to pay your reimbursements through the BESTflex Plan.

Let's say you make \$3,000 a month.

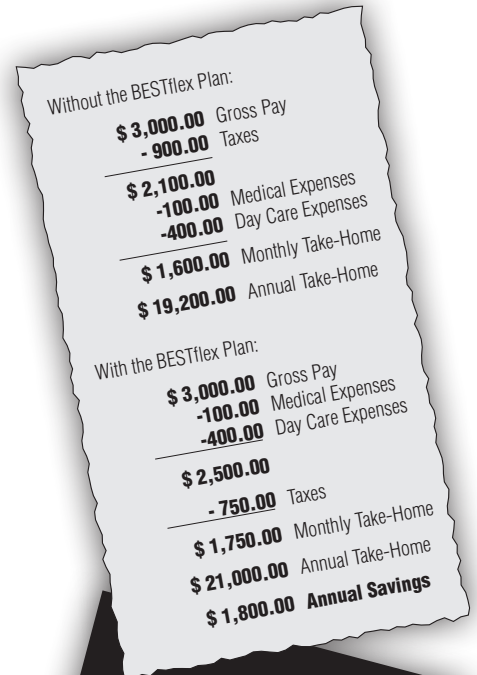
Taxes take at least 30%, leaving \$2,100.

If your medical expenses are \$100 a month and daycare is \$400, you're left with \$1,600 a month in take-home pay.

With the BESTflex Plan, you place the \$100 for medical expenses and \$400 for daycare in your FSAs, tax-free, leaving \$2,500 as your taxable, monthly income. Now taxes are deducted, leaving you with \$1,750 in take home pay and a net gain of

\$150 a month or \$1,800 a year.

That's how the BESTflex Plan saves you money.



Once you **enroll in the BESTflex Plan**, you'll save roughly **30%* in taxes** for each dollar you contribute; direct that savings towards eligible medical expenses and **you'll pay less.**

*The salary and tax example is a broad approximation of tax liability. You should consult a tax advisor for help with your own situation. Current IRS tax laws control all BESTflex Plan matters.

** For example, if your election is \$1,200 and you receive 24 paychecks in the Plan Year ($\$1,200 \div 24 = \50.00), there is no rounding down; 26 paychecks ($\$1,200 \div 26 = \46.15) is rounded down to the nearest penny.



If you buy pain relievers, flu or cold remedies, decongestants, or allergy medicines, wear contact lenses or eyeglasses, visit the doctor or dentist regularly, pay for dependent care or have other health care expenses, the BESTflex Plan from Employee Benefits Corporation can save you money.

How the 2-1/2 Month Grace and the 90-day Runout Periods Work

The 2-1/2 month Grace Period

Before the Grace Period was added to the BESTflex Plan, you forfeited unused amounts in your Health Care FSA as of the end of the Plan Year (the “use-it-or-lose-it” rule). You don’t need to do anything to gain the benefit of the 2-1/2 month Grace Period. You now have a total of 14-1/2 months (the 12-month Plan Year plus the 2-1/2 month Grace Period) to use the amounts in your Health Care FSA. The “use-it-or-lose-it” rule still applies, but not until the end of the Grace Period.

The 90-day Runout Period

With both FSAs, you have 90 days after the Plan Year ends to submit claims against expenses incurred during the Plan Year and the 2-1/2 month Grace Period.

Old Plan Year

2-1/2 Month Grace

90-day Runout

New Plan Year

How to submit claims

Claims submitted for expenses incurred during the 2-1/2 month Grace Period will first be paid using funds from your previous Plan Year. Once that money has been used, claims will be paid using funds from the current Plan Year, provided you chose to participate and funds are available.

We cannot reprocess or reorder your claims to pay out of a different year. It is your responsibility to submit claims against the correct Plan Years as described above.

You have until the last day of the 90-day run-out to submit your claim. Claims submitted within this window will be applied to the Plan Year in which they were incurred. If you terminate during the Plan Year, you have only 90 days to submit claims after your termination date. The 2-1/2 month Grace Period will not apply.

You can look up your account information on our web site. If your new Plan Year is listed, it is active and ready for use. You can also contact us at 800 346 2126 before you submit a claim. A Participant Services Representative will look up your account information and walk you through your claims submission process.

Flexible Spending Account rules

The rules for each Flexible Spending Account (FSA) are different. The IRS allows you to spend the entire annual amount you put into the Health Care FSA or Limited Health Care FSA at any time during the Plan Year. That means you could be reimbursed for an expense equaling your entire annual contribution in the first month of the Plan Year, even though most of the money hasn’t been withheld yet.

With the Dependent Care FSA, your current balance is the maximum reimbursement you can receive. Expenses

reimbursed through the Dependent Care FSA are not eligible for the Federal Tax Credit for daycare. In general, there is a larger tax savings with the BESTflex Plan than with the Federal Tax Credit.

Recent changes to the definition of a dependent for the Health Care FSA

In August, 2008, the IRS altered the treatment of dependents of parents who are divorced, separated or living apart for purposes of the Health Care FSA. The custodial parent with the right to the tax exemption may claim the child as a dependent. In some cases, both parents may treat the child as a dependent when certain requirements are met. The three requirements for both parents to treat the child as a dependent are:

1. More than half of the child’s support during the year comes from one or both parents,
2. The child is in the custody of one or both parents for more than half of the year, and
3. The child qualifies as a “qualifying child” or “qualifying relative” of one of the parents.

How do I enroll?

Fill out the Enrollment Form:

(Enrollment is for one Plan Year equaling one year or less)

1. Choose the FSA(s) that best fits your needs
2. Decide how much you expect to spend on eligible expenses during the Plan Year and divide the amount by the number of paychecks in your Plan Year
3. Total each FSA and sign and date the form to have your elections withheld from your paycheck; return the signed and dated form to your employer prior to the start of your Plan Year

What happens after I enroll?

When the enrollment period ends, your employer gives you a Getting Started With The BESTflex Plan Booklet containing a Reimbursement Form and Direct Deposit Form. Later, check your pay stub to ensure your employer withholds the amounts you’ve elected.

Frequently asked questions

When can I incur eligible expenses?

The actual eligible expense must be incurred within the Plan Year or during the 2-1/2 month Grace Period.

How am I reimbursed for expenses?

1. Complete a Reimbursement Form
 2. Include supporting invoices, receipts or Explanation of Benefits (EOB) with your form. The documentation must include a description, including date(s) of service, type of service, claim amount and the name of the service provider, of the product or service to be reimbursed
- Expenses incurred before your Plan Effective Date (start date) are not eligible.

When can I file for reimbursement?

You can submit a Reimbursement Form at any time during the Plan Year and you have up to 90 days after the end of your Plan Year to request reimbursement.

How can I find the balance for my Plan?

As a BESTflex Plan participant, you can call our toll-free participant service line at 800 346 2126 and request a report describing your account activity or use our Telephone Account Assistant to listen to your account information using a touch-tone phone. You can also securely log into our web site at www.ebcflex.com and view your balance. Additionally, we print account balance information on every reimbursement sent to you.

What happens if I don’t use up the money in my accounts by the end of the Grace Period or runout period?

The IRS requires that unused money be returned to your employer. It cannot be returned to you or carried forward and is generally used to pay for the cost of Plan administration. Planning and taking advantage of non-prescription drug reimbursements can ensure you use all your money.

How does the Plan affect my tax return?

When you receive your W-2 form at the end of the year, the gross amount of your income shown on the form does not include the amount withheld by your employer under the BESTflex Plan. This is the amount you use for gross income when you fill out your tax return. Your income tax is lower because it is based on a smaller gross income.

What other guidelines apply to the BESTflex Plan?

You can choose to enroll in any combination of FSAs. You cannot cancel or change your elections during the Plan Year unless you have a change in status. You cannot transfer funds between accounts.

What if I terminate employment or lose eligibility during the Plan Year?

If you elect the Dependent Care FSA and you terminate or lose eligibility, your contributions to the Plan stop. You can continue to submit eligible expenses for dependent care through the end of the Plan Year; however, you cannot contribute additional dollars after your termination date.

With the Health Care FSA, you can only submit for expenses incurred prior to your termination date. You will have the standard 90-day runout period to submit claims after your termination date (the 2-1/2 month Grace Period does not apply to participants who terminate before the plan end date). To receive reimbursement for expenses incurred after your termination date, you must elect COBRA continuation, which may require after-tax contributions to your Plan.

Eligible Health Care FSA Expense Examples:

Dental Services

Crowns/Bridges
Dental X-Rays
Dentures
Exams/Teeth Cleanings
Extractions
Fillings
Gum Treatments
Oral Surgery
Orthodontia/Braces

Insurance-Related Items

Copays
Coinsurance
Deductibles

Lab Exams/Tests

Blood Tests
Cardiographs
Diagnostic Fees
Laboratory Fees
Spinal Fluid Tests
Urine/Stool Analyses
X-Rays

Medication

Insulin
Prescribed Birth Control
Prescribed Vitamins*
Prescription Drugs*

Over-The-Counter Medicine

Over-the-counter medicines, drugs, or dietary supplements for a specific medical condition:

Allergy Medicines
Antihistamines
Analgesics
Antacids
Anti-Diarrhea Medications
Anti-Itch Medications
Anti-Nausea Medications
Aspirin
Athletes Foot Creams and Powders
Cold Sore Remedies
Contact Lens Solution and Cleaners
Cough Drops
Cough Syrups
Decongestants
Eye Drops
Fever Reducers
First Aid Cream (Bactine, special diaper rash ointments, calamine lotion, bug bite medication, wart remover treatments)

Digestive Tract Relief Medications
Flu and Cold Medications
Hemorrhoidal Medications
Laxatives
Lice and Scabies Treatments
Menstrual Cycle Products (for pain and cramp relief)
Motion Sickness Pills
Muscle/Joint Pain Relievers
Nasal Sinus Sprays
Nicotine Gum/Patches
Pain Relievers
Pedialyte
Pregnancy Tests
Pre-Natal Vitamins
Reading Glasses
Retin A (non-cosmetic)
Rubbing Alcohol
Sinus Medications
Sleeping Aids
Smoking Cessation Products
Sore Throat Sprays
Special Ointments/Burn Ointments
Throat Lozenges
Vapor Rubs
Weight Loss Drugs (to treat a specific disease)
Yeast Infection Treatments

Other Medical Treatments/Procedures

Acupuncture
Alcoholism (inpatient treatment)
Chiropractor Services
Drug Addiction (inpatient treatment)
Hearing Exams
Hospital Services
Infertility
In-vitro Fertilization
Norplant Insertion or Removal
Patterning Exercises
Physical Examination (not employment related)
Physical Therapy
Speech Therapy
Sterilization
Vaccinations and Immunizations
Vasectomy and Vasectomy Reversals
Well Baby Care

Other Medical Supplies and Services

Abdominal/Back Supports
Ambulance Services
Arches (requires a doctor's prescription)
Orthopedic Shoes
Contraceptives
Counseling (except for Marriage and Family)
Crutches
Guide Dog (for visually/hearing impaired person)
Hearing Aids & Batteries
Hospital Bed
Insulin Supplies
Learning Disability (special school/teacher)
Lead Paint Removal (if not capital expense and incurred for a child poisoned)
Medic Alert Bracelet or Necklace
Medical Miles, Tolls, and Parking
Oxygen Equipment
Prosthesis
Splints/Casts
Support Hose (if medically necessary)
Syringes
Transportation Expenses (essential to medical care)
Wheelchair
Wigs (hair loss due to disease)

Vision Expenses

Contact Lenses
Contact Lens Solution
Eye Examinations
Eyeglasses
Laser Eye Surgeries
Prescription Sunglasses
Radial Keratotomy/LASIK

This list is not meant to be all inclusive. Other expenses not listed may also qualify. Please refer to Section 213 of the Internal Revenue Code or call our toll free Customer Service line at 800 346 2126.

*Excludes drugs imported from Canada and other countries

Ineligible Health Care FSA Expense Examples:

Baby-Sitting
Breast Pumps
Canceled Appointment Fees
Chapstick
Contact Lens Insurance
Cosmetics
Cosmetic Surgery/Procedures
Dance/Exercise/Fitness Programs
Diaper Service
Electrolysis
Exercise Equipment
Eyeglass Insurance
Face Cream
Feminine Hygiene Products
Hair Loss Medications
Hair Transplant
Health Club Dues

Illegal Operation or Treatments
Insurance Premiums
Long Term Care Premiums
Marriage or Family Counseling
Massage Therapy*
Mastectomy Bras
Maternity Clothes
Mattresses
Meals that are not part of inpatient care
Moisturizers
Nutritional Supplements
Personal Trainer
Prescription Drug Discount Programs
Prescription Drugs for Hair Loss
Provider Discounts
Rogaine
Shampoos/Soaps

Special Foods
Suntan Lotion/Sunscreen
Supplements* (for general health)
Teeth Whitening/Bleaching
Toiletries
Toothbrushes (including battery operated)
Toothpaste
Vision Discount Program Premiums
Vitamins (for general health)
Weight Loss Programs* (for general health)

*Some medically necessary items may be covered by the Health Care FSA if prescribed by a physician for a specific medical condition. The prescription should contain the specific medical condition and timeframe for treatment.

This list is not meant to be all inclusive.

Answers.
Anytime.
Anywhere.

www.ebcflex.com:

My Account Assistant is there when you need it.

Employee Benefits Corporation's web site is the easiest way to review your account and monitor the status of your reimbursements. It's convenient and accessible 24 hours a day, seven days a week, from any computer with Internet access.

Employee Benefits Corporation's web site reflects the most current account information possible.

You can:

- Access account balances
- Review when a claim was processed and when the reimbursement was mailed or direct deposited
- Download BESTflex Plan forms
- Download a Direct Deposit Authorization Form
- Update personal information
- View a detailed account history



In order for you to view your account, you must activate it by entering a valid e-mail address and receiving a Personal Identification Number (PIN). You can then log-in using your Social Security Number and your PIN.

Here's how to activate your online account:

1. Using a web browser, go to www.ebcflex.com
2. When the Home Page opens, locate the "First Time Users Activate Account" area on the right side of the page
3. From the drop-down list choose "Participant" and click the "Begin" button
4. Complete the "Activate My Account" form and click the "Activate Account" button
5. Your account is activated and your PIN is sent to the e-mail address you submitted in the "Activate My Account" form

You'll receive your PIN via e-mail in minutes. Use the PIN and your Social Security Number to log in.

Here's how to view your account:

1. Using a web browser, go to www.ebcflex.com
2. When the Home Page opens, locate the "Log-In" area on the right side of the page
3. From the drop-down list choose "Participant"
4. Enter your Social Security Number in the SSN field
5. Enter your PIN in the PIN field
6. Click the "Log-in" button
7. The "My Account Assistant" page opens with your account summary in view

Convenient. Accurate. Secure.
www.ebcflex.com

You can also use our Telephone Account Assistant to listen to your account information using a touch-tone phone.
Dial **800 346 2126** or **608 831 8445**, choose the Customer Service option then follow the simple voice-prompts.

Employee Benefits Corporation

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