Proviso Township H.S.

Effective January 1, 2007, Proviso Township H.S. has contracted with Allied Benefit Systems, Inc. to administer your Flexible Spending Account.

Founded in 1980, Allied has become one of the most respected third party administrators in the country. Our team of professionals provides customized administrative solutions to over 400 clients throughout the country. Allied Benefit Systems, Inc. has years of experience administering Flexible Spending Accounts.

Good News! There is no cost for you to participate. The Flexible Spending Account can save you hundreds, if not thousands, of dollars per year on your healthcare expenses. The federal government allows you to set aside pre-tax money, and use it to pay for your out of pocket health care expenses, such as deductibles, co-payments, and vision care expenses.

With the cost of healthcare on the rise, participating in a Flexible Spending Account is a great way to help maximize your benefit plan. Please read the following information to see if this benefit is right for you. If you have any questions, please contact Allied's Flexible Spending Account Department at:

(312) 906-8080 in Illinois
(800) 288-2078 outside Illinois

or visit us online at www.alliedbenefit.com.

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How much money can I save if I participate in a Flexible Spending Account?

The following example illustrates the benefit available to you if you elect to participate in the Flexible Spending Account.

Assumptions:

- This employee makes $36,000 per year
- The employee claims 3 exemptions
- Contributes $50.00 per month to the employer sponsored medical plan
- Contributes and spends $100.00 per month on Out of Pocket Health Care expenses
- Contributes and spends $200.00 per month on Out of Pocket Dependent Care Expenses

	Annual Salary: $36,000	
	With Section 125	Without Section 125
Gross monthly salary	3,000.00	3,000.00
Medical Contribution	50.00	----
Unreimbursed Medical	100.00	----
Dependent Care	200.00	----
Taxable income	2,650.00	3,000.00
Federal income tax	339.50	484.67
FICA (7.65%)	202.73	229.50
State tax (3%)	79.50	90.00
Medical Contribution	----	50.00
Unreimbursed Medical	----	200.00
Dependent Care	----	100.00
Net Income	$2,028.27	$1,845.83

In this example, the employee will save

$182.44 per month or $2,189.28 per year

by participating in the Flexible Spending Account.

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What types of expenses can I be reimbursed for if I participate in a Flexible Spending Account?

The following is a partial list of items and services that are covered under the Un-reimbursed Medical section of the Flexible Spending Account. For a full list of covered expenses please refer to IRS Tax Code Section 213(d).

Medical Expenses:

- Deductibles
- Coinsurance
- Office Visit Co-Payments
- Prescription Drug Co-Payments
- Over-the counter drugs and medicines used to treat an illness or injury
- Expenses that exceed a maximum benefit, under an insurance health plan
- Physical examinations
- Birth control pills
- Chiropractic Care
- Routine Gynecological Exam
- Routine Mammogram
- Hospitalizations

Dental Expenses:

- Deductibles
- Coinsurance
- Office Visit Co-Payments
- Dentures
- Orthodontia

- Preventative Care, such as Cleanings and Fluoride Treatments
- Fillings

Vision Expenses:

- Eye Examinations
- Eyeglasses
- Contact Lenses
- Contact Lens Solution
- Radial Keratotomy/Laser Eye Surgery

DEPENDENT CARE EXPENSES

You may submit a reimbursement claim for dependent care assistance expenses inside or outside your home, which allow you to be gainfully employed. The maximum amount, which may be reimbursed in a plan year, is $5,000 ($2,500 for a married individual filing a separate return). The following types of individuals are generally qualifying dependents:

- A dependent who is under age 13 and for whom the taxpayer is entitled to a dependent deduction
- A dependent or spouse of taxpayer who is physically or mentally incapable of caring for him or her self, regardless of age.
- A child meeting the special dependency test of divorced parents.

NOTE: Expenses, which are incurred for services, provided outside your home (e.g., a day care center) qualify only if the center complies with all applicable state and local regulations. Expenses paid to your relative (except your spouse or other dependent) are generally reimbursable.

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How much should I contribute to the Flexible Spending Account?

This guide will help you to determine the amount to contribute to your Flexible Spending Account. Please take time to review and answer the applicable questions. You may want to review you checkbc register and medical/dental records to help determine your out of pocket expenses.

Unreimbursed Medical

A. *Medical Expenses-estimate your medical expenses*

1. Medical Coverage Deductibles	$_____ per year
2. Co-insurance	$_____ per year
3. Routine Exams (OB-Gyn, school physicals)	$_____ per year
4. Prescription and OTC Medications	$_____ per year
5. Vision Care (eye exams, glass, contacts)	$_____ per year
6. Other: _____	$_____ per year
Total Medical Expenses:	**$_____ per year**

B. *Dental Expenses-estimate your dental expenses*

1. Examinations and Cleanings	$_____ per year
2. Braces, Retainers, or other Orthodontia	$_____ per year
3. Fillings, Crowns and Bridges	$_____ per year
4. Dentures, including Replacements	$_____ per year
5. Implants, Inlays and X-rays	$_____ per year
6. Fluoride Treatments	$_____ per year
7. Other: _____	$_____ per year
Total Dental Expenses:	**$_____ per year**

C. Other: _____ $_____ per year

TOTAL OUT OF POCKET HEALTH CARE EXPENSES ***$_____ per year***

Dependent Care

A. 1. If you are a single parent or your spouse works, what are your expenses for care of dependent children under age 13? $_____ per year

2. What are your expenses for care provided to a spouse or child over age 13 who is incapable of self-care or a parent for whom you claim a deduction on your tax return?

$_____ per year

TOTAL OUT OF POCKET DEPENDENT CARE EXPENSES ***$_____ per year***

This form is intended to assist you in enrolling in a Flexible Benefits Plan. This guide is not intended to provide any legal or tax advice. You may wish to contact your tax advisor prior to enrolling in the plan.