YOU'RE GOING TO NEED A

BIGGER BANK.

BASIC

FLEX

GET MORE OUT OF YOUR PAYCHECK.

Do you pay medical expenses? How about insurance premiums? Child care? If you answered yes to any of these questions then keep reading because we are going to put more money in your pocket. The IRS established Section 125 to help reduce some of the burden of medical, dental, vision and dependent care bills. With BASIC Flex, you elect to have a certain dollar amount transferred from your paycheck into a special account to pay for expenses as they occur. This money is taken from your gross pay prior to taxes. You save by not having to pay federal and most state and local taxes, as well as Social Security and Medicare taxes, on the amount you set aside.

EXAMPLE OF SAVINGS FOR A WEEKLY PAYROLL CHECK

Without a Flexible Spending Plan		With a Flexible Spending Plan	
Gross taxable wage	$500.00	Gross taxable wage	$500.00
Federal, FICA & State Tax	-113.25	Average weekly out-of-pocket expenses	
Insurance premium contribution	-40.00	Insurance premium contribution	-40.00
Take home pay	$346.75	Medical/Dental/Vision	-50.00
Average weekly out-of-pocket expenses		Taxable wage	$410.00
Medical expenses	-50.00	Federal, FICA & State Tax	-92.86
Amount left to spend	$296.75	Amount left to spend	$317.14

•assuming 15% Federal tax, 7.65% FICA tax (Social Security and Medicare)

The savings really add up. This example leads to a $20 a week savings. Where would you rather have the money go; in your pocket or toward taxes? In a year, an extra $1040 could help pay increasing gas prices or help fund your entertainment budget. With BASIC Flex you can put the money back in your pocket. To find out what your savings would be visit www.basiconline.com/fsasavingscalculator.

MEDICAL REIMBURSEMENT

With BASIC Flex you can save 15%-40% on your out-of-pocket medical expenses. Simply calculate your estimated medical expenses for the year and have that amount set aside in a Medical Reimbursement Account. The money is taken before taxes, so you don't pay most federal, state, Social Security and Medicare taxes on that amount. It's like paying wholesale instead of retail.

The full amount of your medical election is available for reimbursement upon the first day of your plan year.

We have provided an example of how a current participant calculated the amount they elected for BASIC Flex. Be sure to base YOUR estimate on known expenses because left over money is forfeited.

	Charges	Savings
Deductible	$500	$113
Co-pays	$450	$101
Prescriptions	$480	$108
Contacts	$220	$49
Dental	$100	$22
Over-the-counter items+	$75	$16
Total	$1795	$409

•assuming 15% Federal tax, 7.65% FICA tax (Social Security and Medicare)

+ Please note: Effective January 1, 2011, a prescription or letter of medical necessity will be required for OTC medicines to be reimbursed through an FSA, HRA or HSA. OTC items such as insulin, contact lens solution, bandages and durable medical equipment will continue to be covered without a prescription.

When you incur an eligible out-of-pocket expense submit your itemized documentation to BASIC and receive a tax free reimbursement.

If you have questions at anytime regarding BASIC Flex simply call 800.444.1922 x 1 and speak to a BASIC Flex Customer Service Representative.

IRS regulations govern the eligibility of claims which include those that are not fully covered by a health care plan and are prescribed by a physician or other licensed professional, primarily for preventing, treating or mitigating a physical defect or illness. The IRS does not allow reimbursement for the following: cosmetic surgery, insurance premiums, teeth bleaching / whitening, nutritional supplements/vitamins, marriage counseling, debit counseling, eyeglass sun clips and prepayment of services. For more details, refer to IRS Publication No. 502.

MEDICAL ELECTION WORKSHEET.

If you have questions at anytime regarding BASIC Flex simply call 800.444.1922 x 1 and speak to a BASIC Flex Customer Service Representative.

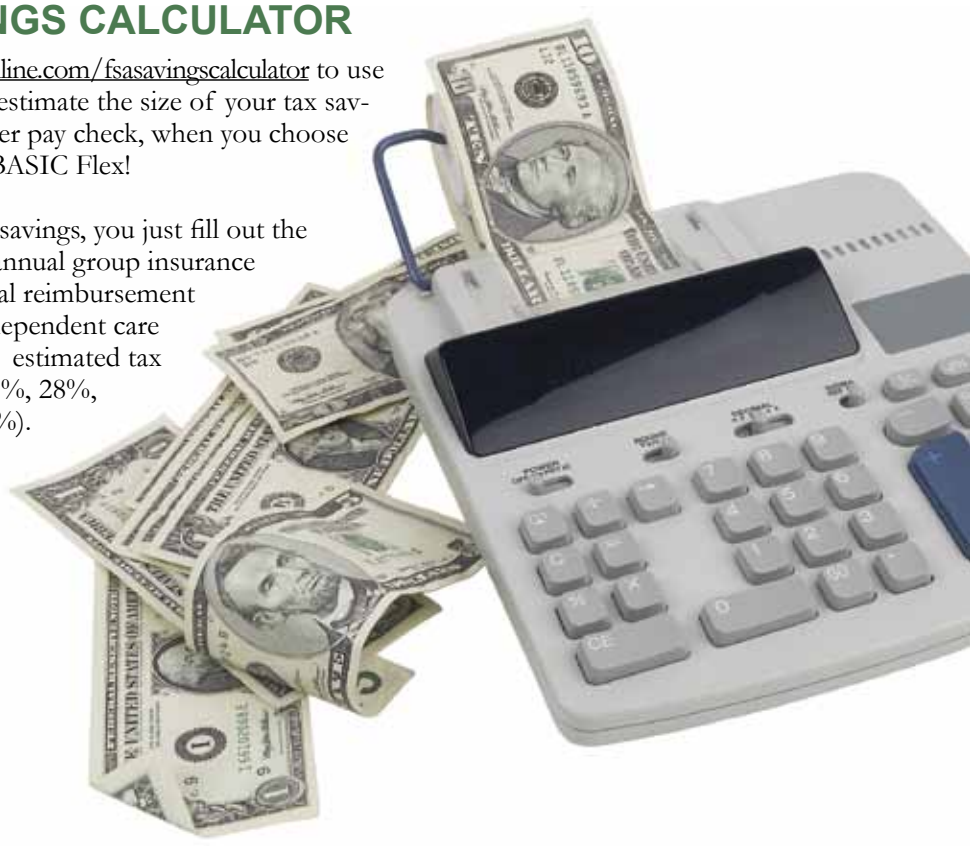
Use the list on the opposite page to estimate your predictable medical, dental, vision and over-the-counter (OTC) expenses for your plan year. These pages list commonly reimbursed eligible expenses as well as examples of ineligible items.

IRS regulations govern the eligibility of items and claims. As a Flex Administrator, BASIC helps ensure that you and your employer stay within these regulations. If you have a question regarding a specific item or treatment, call a BASIC Flex Customer Service representative at 269.327.1922 x 1 or 800.444.1922 x 1.

TAX SAVINGS CALCULATOR

Visit www.basiconline.com/fsasavingscalculator to use our calculator to estimate the size of your tax saving, annually or per pay check, when you choose to participate in BASIC Flex!

To estimate your savings, you just fill out the amount of your annual group insurance premiums, medical reimbursement election and/or dependent care election and your estimated tax bracket (15%, 23%, 28%, 32%, 40%, or 45%).



EXPENSE	ESTIMATED COST
MEDICAL*	
Acupuncture	$
Chiropractor	$
Podiatrist	$
Deductible	$
Co-pays	$
Doctor fees	$
Office visit	$
Prescriptions	$
Hospital bills	$
Laboratory fees	$
Medic alert bracelet	$
Dermatologist	$
Immunizations	$
Obstetrical expenses	$
Routine physicals	$
X-rays	$
Well baby checkups	$
HEARING*	
Hearing exam	$
Hearing aids	$
Special batteries	$
VISION*	
Glasses	$
Eye exam	$
Contact lenses	$
Contact lens solution	$
Prescription sunglasses	$
LASIK surgery	$
Visine and eye drops	$
Reading glasses	
DENTAL*	
Orthodontic	$
Dentures/bridge/crowns	$
Fluoride treatments & seals	$
Cleanings and fillings	$
Root canals	$
Extractions	$
COLUMN #1 TOTAL	$

EXPENSE	ESTIMATED COST
DIABETIC SUPPLIES*	
Insulin	$
Glucometer	$
Syringes/Needles	$
Test Strips	$
BIRTH CONTROL DEVICES*	
Condoms	$
Prescriptions	$
Sterilization	$
THERAPY*	
Physical therapy	$
Learning disability	$
Psychologist fees for medical care	$
Psychiatric care	$
PHYSICAL IMPAIRMENTS*	
Wheelchair	$
Crutches	$
Walker	$
Custom made orthopedic shoes and inserts	$
SPECIAL NEEDS*	
Stop smoking programs	$
Transportation to and from doctor/hospital (call for current mileage rates and guidelines)	$
OVER-THE-COUNTER ITEMS*	
Sunscreen	
Band-aids	$
Carpal tunnel wrist supports	$
Cold/hot packs for injuries	$
Home pregnancy tests	$
Incontinence supplies	$
Liquid adhesive for small cuts	$
Nasal strips	$
COLUMN #2 TOTAL	$

EXPENSES THAT REQUIRE A LETTER OF MEDICAL NECESSITY

The IRS allows reimbursement of the following with a copy of the physician's statement of medical necessity that includes the specific product/service and a diagnosis. Treatment cannot be for general health or well being. A copy needs to be submitted with every reimbursement request and a new letter needs to be reinstated every 12 months.

EXPENSE	ESTIMATED COST
Health club fees/gym memberships	$
Nutritional supplements/vitamins	$
Massage therapy	$
Acne medication	$
Weight loss programs (i.e. Weight Watchers and Jenny Craig) - Program fees are eligible but food portions are not.	$
OVER-THE-COUNTER MEDICINE+	
Acid controllers	
Antibiotic products	
Anti-diarrheas/gas	
Anti-itch/insect bite	
Antiparasitic treatments	
Baby rash creams	
Cold sore remedies	
Cough, cold & flu	
Digestive aids	
Feminine anti-fungal/anti-itch	
Hemorrhoidal preps	
Laxatives	
Pain relief	
Sleep aids & sedatives	
Stomach remedies	
COLUMN #3 TOTAL	$

ESTIMATED EXPENSES

COLUMN 1	$
COLUMN 2	$
COLUMN 3	$
TOTAL ESTIMATED EXPENSES	$

EXAMPLES OF INELIGIBLE EXPENSES

The IRS does not allow reimbursement for the following:

- Cosmetic surgery
- Insurance premiums
- Marriage/debt counseling
- Eyeglass sun clips
- Eyeglass or contact warranty
- Prepayment of services
- Special (dietary) foods
- Personal care items
- Sanitary products
- Diapers
- Deodorant
- Chapstick
- Face cream or moisturizers
- Teeth bleaching/whitening
- Tooth brushes/toothpaste
- Floss/flossing devices

*** Please note:** This list is a broad overview of eligible expenses; not all services provided by a provider or practitioner are eligible under the IRS regulations. Please call BASIC regarding your specific item or treatment to confirm eligibility.

DEPENDENT CARE REIMBURSEMENT

If you're one of the many people who spend money on child care while at work, a Dependent Care Reimbursement Account is a logical choice. Using BASIC Flex is like getting child care or preschool on sale. The money is deducted before taxes so you don't pay most federal, state, Social Security and Medicare taxes on that amount. The savings range from 15% to 40% depending upon your tax bracket.

Determine the amount to put into your Dependent Care Account and start saving. A single parent or a married couple filing jointly can elect up to $5000 per family, while a married person filing separately can elect up to $2,500 (It's $2,500 for that person but still $5,000 for the family). Unlike the Medical Reimbursement Account, this is a pay-as-you-go account and employers will not advance you any money. Reimbursements are not made until funds are available. Remember, left-over money is forfeited, so elect only what you know you'll spend.

Here is an illustration of someone in a 15% tax bracket with the maximum $5,000 election. They would save $1,132 in one year using BASIC Flex.

WEEKLY PAYROLL CHECK

Without a Flexible Spending Plan		With a Flexible Spending Plan	
Gross taxable wage	$500.00	Gross taxable wage	$500.00
Federal, FICA & State Tax	-113.25	Dependent care election *($5,000 divided by 52 weeks)*	-96.15
Take home pay	$386.75	Taxable wage	$403.85
Dependent care election *($5,000 divided by 52 weeks)*	-96.15	Federal, FICA & State Tax	-91.47
Amount left to spend	$290.60	Amount left to spend	$312.38

•assuming 15% Federal tax, 7.65% FICA Tax (Social Security and Medicare)

If you qualify for the Child Care Credit, the same IRS rules apply. If you have 2 or more children and spend more than $5,000 for child care, you may have additional tax credits available to you. For more details, refer to IRS Publication No. 503

DEPENDENT ELIGIBILITY

- You and your spouse must be employed or actively seeking employment or attending school full time.
- Child must be a dependent under 13 years of age and be in your custodial care more than 50% of the calendar year. If your child turns 13 during the plan year, expenses are no longer eligible for reimbursement.
- A spouse or dependent who is incapable of self-care and regularly spends at least eight hours per day in your home (i.e. an invalid parent).

SERVICE REQUIREMENTS

- Provider may not be a minor child or dependent for income tax purposes (i.e. an older child).
- Service provider must claim payments as income and comply with state regulations.
- Services must be for the physical care of the child, not for education, meals, etc.
- Overnight camps are not eligible for reimbursement.
- Expenses paid for Pre-K are eligible but kindergarten is not.

NOTE

- This is a pay-as-you-go account. Your employer will not advance any money.

ACQUAINT YOURSELF WITH THE FACTS.

WWW.BASICONLINE.COM
P 800.444.1922 x 1.
F 800.391.6562

9246 PORTAGE INDUSTRIAL DR.
PORTAGE, MI 49024

WHEN IN DOUBT, ASK BASIC.

We realize that the IRS regulations can be confusing at times. Please call BASIC Flex, prior to election, if you have any questions about the eligibility of any item, event, service or treatment. One of our Customer Service Representatives will be happy to listen to your exact situation and advise you on the regulations that apply so you can make the best election for your situation.

We want your BASIC Flex plan to benefit you in every way possible.

Each plan can differ slightly. The list below applies to most plans; however, for specifics on your plan please refer to your Summary Plan Description, contact your Benefits Coordinator or BASIC Flex at 800.444.1922 x 1.

- Flex Benefits end upon termination of employment and/or participation.
- Services must be rendered during your current plan year. For new employees entering the plan during the plan year, services must be rendered after eligibility or election date.
- Refer to the Summary Plan Description booklet to find out how long you have to submit remaining claims after your plan year or coverage has ended.
- You may change your annual election if you have a qualified change in status (marriage, birth, adoption, death or divorce). The change in status must correlate with the event and be made within 30 days of the event. For example, if the event is a birth, you may increase your election, not decrease it.
- Your pre-tax contributions through your BASIC Flex plan could reduce your future social security benefits; however studies show it is usually less than 1%.
- According to the IRS, any money left in your account becomes the property of your employer and cannot be returned to you. Most people use their remaining money by good planning . . . such as getting a physical or dental checkup or new glasses. Rarely is there ever more than 5% left in the account, and the tax savings more than outweigh this amount.

BASIC LIMITED PURPOSE FLEX

BASIC Limited Purpose Flex is a reimbursement account specifically designed for individuals with a Health Savings Account (HSA). IRS regulations state that an individual with an HSA may not simultaneously have a general purpose flex plan, but they are allowed a limited purpose flex plan. **If you or your spouse are currently enrolled or plan to enroll in an HSA during your flex plan year, a limited purpose flex plan might be just what you need.** The difference between BASIC Flex and BASIC Limited Purpose Flex is the eligible expenses. A BASIC Limited Purpose Flex plan only allows for reimbursements of dental, vision and post deductible expenses (co-insurance and co-pay expenses after your deductible has been met). With a limited purpose flex, you may still sign up for a dependent care account.

While this booklet provides general information about a plan, a Summary Plan Description Booklet containing further details is available. If you have specific questions regarding your particular situation, you may want to consult an attorney or accountant.

BASIC FLEX

PLEASE PRINT CLEARLY TO ENSURE ACCURATE ENROLLMENT AND FUTURE COMMUNICATION.

Employer Name: _____

Participant First Name: _____ Last Name: _____

Social Security #: ☐☐☐-☐☐-☐☐☐☐ Date of Birth: _____ /_____ /_____

Address: _____

City, State, Zip: _____ Phone Number: _____

E-mail Address: _____ (Notification of direct deposit payments are only sent via e-mail)

Pay Period: ☐ Weekly ☐ Semi-Monthly (twice a month) ☐ Bi-Weekly (every other week) ☐ Monthly

PREMIUM CONTRIBUTIONS

☐ I elect to participate (check all that apply)

☐ Health Insurance ☐ Group Life Insurance ☐ Disability Insurance ☐ Dental Insurance

☐ HSA Contributions ☐ Vision Insurance ☐ Other(s)_____

The amount of salary reduction needed to pay premiums under the insured portions of the Plan will be determined by my employer.

☐ I elect NOT to participate

EMPLOYER USE

Please complete for mid-year enrollments

Date of first deduction:

_____

Eligibility date:

_____

MEDICAL REIMBURSEMENT ACCOUNT

☐ I elect to participate (not to exceed employer limit of $_____)

$ _____ per pay x _____ (# of pays in plan year) = $ _____ Annually (do not round)

☐ *Is this Medical Reimbursement Account a Limited Purpose Account (see page 6)*

☐ I elect NOT to participate

DEPENDENT CARE ACCOUNT

☐ I elect to participate (not to exceed $5000 or $2500 if married filing separately)

$ _____ per pay x _____ (# of pays in plan year) = $ _____ Annually (do not round)

☐ I elect NOT to participate

DIRECT DEPOSIT (not all employers allow direct deposit as a reimbursement option)

☐ Use account information on file ☐ Use account information below ☐ No Direct Deposit

☐ Checking account OR ☐ Savings account

Financial Institution (name of bank): _____

Routing Number (always 9 digits): ☐☐☐☐☐☐☐☐☐ Account Number: _____

I request that my periodic paychecks for the plan year be reduced on a pro rata pre-tax basis by the sum of my medical reimbursement, dependent care and premium contributions to the plan, with such amount to be allocated among the benefits I selected above. I understand this election form cannot be revoked or changed during the plan year unless there is a qualified change in status as defined in the Summary Plan Description (SPD). I certify that I will only claim reimbursement for eligible expenses for myself and/or qualified dependents as defined in the SPD. I further certify that these expenses will not be reimbursed under any other benefit plan. I understand any unused dollars remaining in my account(s) at the end of the plan year will be forfeited. I have examined this agreement and to the best of my knowledge, it is true, correct and complete.

Employee Signature _____ Date _____

TEAR ALONG THIS LINE