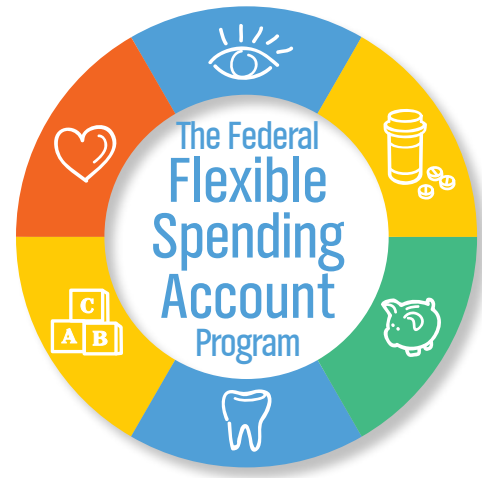


FSA FEDS



Dependent Care and Health Care Accounts



**SAVE
MONEY...**



**on
Day Care
expenses...**



**and
Health Care
expenses!**



Welcome to FSAFEDS

WOW!

Look at all of the eligible expenses on pages 3 & 4!



EXTREMELY IMPORTANT



Current participants **MUST** re-enroll each year if they want to continue participation. Enrollments **DO NOT** carry forward from year to year.

What is an FSA?

- A benefit that saves you money!
- An account where you contribute money from your salary, **BEFORE** taxes are withheld, incur eligible expenses and get reimbursed!
- A way to save money on day care and health care services and items for you and your family!
- A way to ...
PAY LESS TAXES and SAVE MONEY!



Okay, you have my attention—HOW do I save money?

Easy! Let's say you make \$1,000 per pay date—that means you pay taxes on \$1,000 per pay date. If you put \$20 per pay date in FSAFEDS—then you only pay taxes on \$980 per pay date. **THAT...is how you SAVE MONEY!** You pay less taxes! Then you get the money in your account(s) back when you submit timely claims for eligible expenses. See page 5 to learn how much money **YOU** can save.

Can I participate in FSAFEDS?

Most likely—yes! Employees of Executive Branch agencies and other participating agencies who are eligible for FEHB (whether enrolled in FEHB or not) may enroll in a Health Care FSA. Except for intermittent employees who are expected to work fewer than six months, all employees of participating Federal agencies may enroll in a Dependent Care FSA, even if they are not eligible for FEHB.

GO!

Turn to page 6 to see how FSAFEDS works.

What are the different ways I can save money?

There are three types of FSAs. Each type has a minimum annual election of \$250 and a maximum annual election of \$5,000.

The Dependent Care Flexible Spending Account (DCFSA)

- Reimburses eligible day care expenses for your:
 - children under age 13
 - dependents on your Federal tax return who are incapable of self-care
- You (and your spouse, if married) must be:
 - working
 - looking for work (with income during the year)
 - attending school full-time
- \$5,000 maximum **IS** a household limit
 - includes child care subsidy amounts
 - \$2,500 maximum if married filing separately

The Health Care Flexible Spending Account (HCFSA)

- Reimburses eligible health care expenses **NOT** covered or reimbursed by:
 - the Federal Employees Health Benefits Program (FEHB)
 - the Federal Employees Dental and Vision Insurance Program (FEDVIP)
 - any other insurance coverage

- Expenses for you and/or your tax dependents
- \$5,000 maximum is **NOT** a household limit
 - your spouse can have a separate HCFSA

The Limited Expense HCFSA (LEX HCFSA)

- Reimburses only eligible dental and vision expenses **NOT** covered or reimbursed by:
 - the Federal Employees Health Benefits Program (FEHB)
 - the Federal Employees Dental and Vision Insurance Program (FEDVIP)
 - any other insurance coverage
- You **MUST** be enrolled in or covered by a High Deductible Health Plan in 2009 **AND** have a Health Savings Account in 2009
- Expenses for you and/or your tax dependents

How long do I have to use my 2009 account?

- From the effective date of your enrollment all the way through 2 ½ months **AFTER** the end of the year
- A total of 14 ½ months if you enroll during Open Season
- **Until March 15, 2010 to incur expenses**
- **Until April 30, 2010 to file claims**

VERY IMPORTANT USE OR LOSE



You forfeit (lose) all money remaining in your 2009 FSAFEDS account(s) after March 15, 2010 for which you have not incurred an eligible expense and filed a timely claim. You have until April 30, 2010 to file claims. Plan carefully and conservatively.



“My son has chronic ear problems. With all those trips to our pediatrician’s office, we’d be broke if we hadn’t planned ahead with FSAFEDS.”

–Matt L.



“I have two kids still in day care. My Dependent Care FSA helps me save over a thousand dollars in taxes each year.”

–Michael K.



“My mother lives with me and visits an eldercare center while I work. My Dependent Care FSA provides a big tax relief.”

–Wilma T.

Day Care expenses— What’s eligible?

Eligible:

- Child care (at a day care center, day camp, sports camp, nursery school or by a private sitter)
- Late pick-up fees
- Before and after-school care (must be billed separately from tuition)
- Adult day care expenses
- Expenses for a housekeeper whose duties include caring for an eligible dependent
- Placement fee expenses and stipend for an au pair

Eligible day care services cannot be provided by a person you claim as a dependent.

NOT Eligible:

- Health care expenses
- Education and tuition fees
- Expenses you claim on your income tax return
- Late payment fees
- Overnight camps (in general)
- Sports lessons, field trips, clothing, uniforms
- Transportation to and from day care
- **Expenses incurred after March 15, 2010**
- **Claims submitted after April 30, 2010**



Health Care expenses— What’s eligible?

Eligible:

- Co-payments, co-insurance and deductibles
- Acne treatments
- Acupuncture
- Childbirth classes
- Chiropractic care
- Contact lenses, solutions, cleaners and cases
- Dental care (including crowns, endodontic services, fillings, implants, oral surgery, periodontal services and sealants, but not toothpaste)
- Diabetic supplies
- Foot care (e.g., athlete’s foot products, arch supports, callous removers, etc.)
- Hand sanitizer
- Hearing aids (including batteries)
- Home diagnostic tests and kits (e.g., cholesterol, colorectal screenings, etc.)
- Home medical equipment (e.g., crutches, wheelchairs, canes, oxygen, respirators, etc.)*
- Laser eye surgery
- Learning disability treatments and therapies (including speech therapy and remedial reading)*
- Medical supplies
- Mental health counseling
- Occupational therapy
- Orthodontia



Eligible:

- Orthotics*
- Over-the-counter medicines (but not vitamins and dietary supplements)
- Physical therapy
- Prescription drugs
- Preventive care screenings
- Prosthetics*
- Psychiatric services and care
- Shipping and handling charges for medical needs, such as eligible over-the-counter items and mail-order prescriptions
- Smoking cessation programs (including over-the-counter treatments)
- Specialized equipment and services for disabled persons*
- Sunscreen
- Transportation expenses related to medical care
- Vision care (including eyeglasses, prescription sunglasses, refractions and vision correction procedures)



* *These expenses require a letter of medical necessity from your health care provider in order to be considered eligible for reimbursement.*

**NOT Eligible:**

- Day care expenses
- Cosmetic procedures (unless required to restore appearance or function due to disease or illness)
- Expenses you claim on your income tax return
- Expenses reimbursed by other sources, such as insurance
- Fitness programs (unless medically necessary)
- Hair transplants
- Illegal treatments, operations, and drugs
- Insurance premiums, including COBRA, Tricare, dental, vision and long term care insurance
- Physician retainer fees including boutique and concierge practice membership fees
- Prescription drug discount program fees
- Weight loss programs and drugs for general well-being
- **Expenses incurred after March 15, 2010**
- **Claims submitted after April 30, 2010**

**LEX HCFS—
What's eligible?**

Remember, this option applies only to those who will be enrolled in or covered by a High Deductible Health Plan with a Health Savings Account.

Eligible:

- Contact lenses, solutions, cleaners and cases
- Crowns
- Dental cleanings
- Eyeglasses
- Fillings
- Over-the-counter items such as denture care products (but not toothpaste)
- Refractions
- Vision correction procedures

**NOT Eligible:**

- Day care expenses
- Health care expenses that are not for dental or vision care
- Cosmetic services—even if dental or vision related (unless required to restore appearance or function due to disease or illness.)
- **Expenses incurred after March 15, 2010**
- **Claims submitted after April 30, 2010**

Go to www.FSAFEDS.com and click on “Eligible Expenses Juke Box” to view an extensive list of eligible expenses.

FSAFEDS = Federal tax savings!

Here's an example:

ANNUAL SAVINGS EXAMPLE*	CSRS		FERS	
	With FSA	Without FSA	With FSA	Without FSA
Annual pay	\$50,000	\$50,000	\$50,000	\$50,000
Pre-tax FSA contribution	(2,000)	0	(2,000)	0
Taxable income	\$48,000	\$50,000	\$48,000	\$50,000
Federal income and Social Security Tax	(9,120)	(9,649)	(12,096)	(12,749)
After-tax dollars spent on eligible expenses	0	(2,000)	0	(2,000)
Available after-tax income	\$38,880	\$38,351	\$35,904	\$35,251
SAVINGS with an FSA	\$529* or 26%		\$653* or 33%	

* This example illustrates tax savings based on 25% Federal and 7.65% FICA taxes. This results in up to a 33% discount on eligible expenses reimbursed from an FSA. Actual savings will vary based on your individual tax situation, and on whether you are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). You may wish to consult a tax professional for more information on the tax implications of an FSA.



See how much you can save!

Complete the following four brief steps to estimate how much you can save by enrolling in FSAFEDS.

1. In the chart below, find your Federal Income Tax rate, based on your expected 2009 income.

TAX RATE*	Single or Head of Household (HOH)
15%	\$8,026 to 32,550 Single \$11,451 to 43,650 HOH
25%	\$32,551 to 78,850 Single \$43,651 to 112,650 HOH
28%	\$78,851 to 164,550 Single \$112,651 to 182,400 HOH

TAX RATE*	Married—Filing Jointly or Separately
15%	\$16,051 to 65,100 Jointly \$8,026 to 32,550 Separately
25%	\$65,101 to 131,450 Jointly \$32,551 to 65,725 Separately
28%	\$131,451 to 200,300 Jointly \$65,726 to 100,150 Separately

* 2009 Federal Tax Rate Schedules were not available at date of publication. Tax rates are based on the 2008 schedules.

2. Determine your total Federal tax rate. This is your tax rate from Step #1 plus 1.45% for CSRS or plus 7.65% for FERS employees.

_____ %

This percentage is the discount you will receive by using an FSA for eligible day care and/or health care expenses, before state or local income taxes are deducted.

3. Enter your planned FSAFEDS contribution for 2009.

\$ _____

4. Multiply Step #3 by Step #2. This is the amount FSAFEDS can save you in 2009!

\$ _____

VERY IMPORTANT USE OR LOSE



You forfeit (lose) all money remaining in your 2009 FSAFEDS account(s) after March 15, 2010 for which you have not incurred an eligible expense and filed a timely claim. You have until April 30, 2010 to file claims. Plan carefully and conservatively.

Using FSAFEDS is quick and easy:

- 1 Determine your contribution
- 2 Enroll during Open Season
- 3 Incur eligible expenses
- 4 Submit your claims
- 5 Get reimbursed fast!

1 Determine your contribution

First, figure out how much money you'd like to set aside for the year. If you need help in determining that amount, use the FSA calculator at www.FSAFEDS.com (click on "Savings Calculator" located under the Quick Links section).

Please be sure to estimate your expenses carefully and elect conservatively. You must incur eligible expenses by March 15, 2010 and submit all claims by April 30, 2010. If you do not, you will forfeit (lose) any funds remaining in your 2009 account(s).

2 Enroll during Open Season— November 10 – December 8, 2008

To enroll online, go to www.FSAFEDS.com and click on "Enroll Now."

To enroll by phone, call an FSAFEDS Benefits Counselor toll-free at **1-877-FSAFEDS (372-3337)**, TTY: **1-800-952-0450**, Monday through Friday, 9:00 a.m. until 9:00 p.m., Eastern Time. Your election will be effective for the Benefit Period starting on January 1, 2009.

Are you a newly hired employee?

If so, you have 60 days after your hire date to enroll in an HCFSA or LEX HCFSA and/or DCFSA, but you must enroll before October 1. If you are hired on or after October 1, 2009 you are not eligible to participate in 2009 but can elect an FSA during the next Federal Benefits Open Season. That election will be effective for the Benefit Period starting on January 1, 2010.

3 Incur eligible expenses, pay out-of-pocket

When you incur an eligible expense, you first pay for it out-of-pocket. For example, pay your day care provider directly or pay for sunscreen at the pharmacy, like you normally would. **You must incur all eligible expenses for 2009 by March 15, 2010.**

Remember to save your receipts!

4 Submit your claim

Download a claim form from www.FSAFEDS.com, complete it and fax or mail it to FSAFEDS. You must include appropriate documentation with all claims, such as that receipt for your sunscreen. **You must submit all claims for 2009 by April 30, 2010.**

Alternatively, if your FEHB and/or FEDVIP plan participates, you may wish to sign up for Paperless Reimbursement. This means FSAFEDS will automatically receive notification of your out-of-pocket expenses directly from your plan and you won't have to submit paper claims for those expenses. Visit www.FSAFEDS.com for more information about Paperless Reimbursement.

The Federal Benefits
Open Season begins
November 10, 2008 and
ends December 8, 2008.
Enroll early and get
ready to save!

5 Get reimbursed fast!

FSAFEDS processes claims on a daily basis during the work week, in the order they are received. Payment is wired to your savings or checking account via Electronic Funds Transfer (EFT) as soon as possible after receipt of your claim and supporting documentation.

Managing your FSAFEDS account



Online

www.FSAFEDS.com

- Claim forms
- Savings calculator
- Juke box of eligible expenses
- Account information



Phone

1-877-FSAFEDS (1-877-372-3337)
TTY: **1-800-952-0450**

- Monday through Friday
- 9:00 a.m. to 9:00 p.m.
Eastern Time



Enroll in the benefit that saves you money!

To take advantage of great tax savings visit www.FSAFEDS.com or call FSAFEDS toll-free to speak with an FSAFEDS Benefits Counselor.

The Federal Benefits Open Season begins November 10, 2008 and ends December 8, 2008.

Current participants MUST re-enroll each year to continue participation.

Enrollments DO NOT carry forward from year to year.

Telephone: 1-877-FSAFEDS

Toll-free (1-877-372-3337)

Monday through Friday

9:00 a.m. to 9:00 p.m.

Eastern Time

TTY: 1-800-952-0450 toll-free

Fax: 1-866-643-2245 toll-free

or 1-502-267-2233



www.FSAFEDS.com

Mail:

FSAFEDS Program

P.O. Box 36880

Louisville, KY 40232

Questions?

Contact us via email at

FSAFEDS@shps.com



The information presented in this brochure is not all-inclusive, nor a guarantee of eligibility or payment. Eligibility will be determined by the applicable provisions of the plan, based on Internal Revenue Service regulations for FSA programs.



The Office of Personnel Management selected SHPS, Inc. as the Third Party Administrator for the day-to-day administration of FSAFEDS.