StLL Flex

The St. Lawrence-Lewis Counties School District Employees
Flexible Spending Plan

The Ideal Way To Make The Most Of Your Money

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StLL Flex - A Flexible Spending Program that can save you Money!

Lower Your Taxes
Raise Your Spendable Income

With StLL Flex, you can pay for certain health, dependent care, adoption and insurance premium expenses with pre-tax dollars.

You give up less of your paycheck to taxes.

You pay for the expenses using tax free dollars.

HERE'S HOW IT WORKS

At the beginning of each Plan Year, you decide how much of your salary should be redirected into your StLL Flex Account.

This amount is automatically deducted from your paycheck every pay period and deposited into your StLL Flex Account.

Each time you need to pay for an eligible expense, you submit a claim reimbursement form, and are reimbursed from your account with tax-free dollars.

You may elect to have your reimbursement for any deductibles or coinsurance automatically sent to you without filling out a claim form. If you have expenses besides your deductible and coinsurance, you would submit a claim form. The choice for this automatic reimbursement is yours. All you need to do is mark the applicable box on your enrollment form.

Its that simple!

Few benefits can improve the total quality of your benefits package while at the same time stretching the power of your income. You have the peace of mind knowing that you are taking care of yourself and your loved ones and saving money at the same time.

Commonly Asked Questions

Q Do I ever pay taxes on the money I put into one of my Flex Accounts?

A No. Money is put into these accounts before federal income taxes, Social Security taxes, state taxes, and local taxes are withheld. You do not pay taxes on money taken out of these accounts to pay eligible expenses.

Q What is the advantage of receiving reimbursements through the StLL Flex Plan instead of claiming these expenses on my tax return?

A The StLL Flex Plan does not require that you exceed the IRS requirement of 7½ % of adjusted gross income before medical/dental expenses can be claimed. For dependent care, whether you use the tax credit or the StLL Flex Plan, if your family's adjusted gross income exceeds $28,000, the tax savings will usually exceed the tax credit allowed on your return. What's more, the Flex Plan will allow you to recover these funds much sooner.

Q What types of Flex Accounts can I open?

A You may choose to participate in any of the four Flex Accounts. There is a Medical Account that can be used for any qualifying medical expenses not paid by your medical insurance plan. There is a Dependent Care Account that can be used for any qualifying expenses that you have for the day care of your dependents so that you and your spouse can work. There is an Adoption Account that can be used for any qualifying expenses associated with the legal adoption of any children. There is a Premium Reimbursement Account that can be used for any premiums that you pay for certain types of health or disability insurance plans.

Q When can I change the amount I elect to contribute to these accounts?

A Annually, prior to the beginning if each plan year. During the plan year you may change your contribution level only if there is a change in your family situation. A qualifying event typically includes marriage or divorce, birth or adoption of a child, death of a dependent, or a change in the employment status for you or your spouse. If you have any questions regarding the changes, please contact the StLL Plan Administration Office at (315) 287-2028.

Q What happens if I don't get it in by the last day of the year?

A You will have 90 days after the end of the plan year to file claims for eligible expenses you incurred during the Plan Year. Certain Districts may have a plan year extension which will cause this 90 day period to go into the following year. Please check with your district.

Commonly Asked Questions

Q Since I do not pay Social Security taxes on the money I put in these accounts, will my Social Security benefits be lower when I receive them?

A If you contribute over a long period of time, your contributions to flexible spending accounts will reduce your Social Security benefits by a minimal amount. However, these amounts are insignificant when compared to the savings you could be receiving today by using the StLL Flex Plan.

Q What is the "use it or lose it" provision in the StLL Flex Plan?

A The IRS does not usually allow employees to defer compensation from one year to the next. As a result, the IRS has ruled that funds deposited into a Flexible Spending Account must be used in the designated Plan Year. As such, the best way to avoid "losing" money deposited into the StLL Flex Plan is to budget carefully when you make your contribution election.

Some tips:

- Base your contribution on your medical/dental expense records from last year that you know you'll incur this year.
- Budget conservatively. But do not overlook all of those little incidental expenses like co-payments, optical care and dental care that can add up.
- Use the worksheet and the list of eligible expenses that is included in this brochure. It gives you an easy to use guide as well as a comprehensive list of what can and can't be claimed under the program.

Q What if I don't itemize deductions on my tax return? Can I still benefit from a Flexible Spending Account?

A Yes. You don't need to itemize deductions to take advantage of StLL Flex.

Q Can I deduct the health care expenses on my tax return that are reimbursed through the Health Care Account?

A No. You cannot claim a tax deduction for the same expenses that are reimbursed tax-free through your Health Care Account. But keep in mind that only health care expenses that are greater than 7.5 % of your adjusted gross income can be deducted from your income taxes. Most people do not have high enough expenses to take the deduction.

StLL Flex Saves You Money

StLL Flex is a smart, simple way for you to put aside money - tax free - to cover the everyday expenses you know you will have in the coming year. You can use it to pay for medical or dental expenses that are not covered by your regular insurance, and dependent care expenses.

Because contributions to the StLL Flex Plan are made before taxes are taken out of your pay, you reduce your total taxable income and get to keep more of every dollar you earn. It's like giving yourself a raise while you take care of important health and dependent care expenses at the same time.

The StLL Plan is not just for people with major expenses. Almost everyone can benefit from the plan. Think of all of those everyday expenses you may overlook - co-payments, vision expenses, dental expenses - they add up and they could all be reimbursed to you through the StLL Flex Plan.

For example, let's look at a few common examples of how StLL Flex could benefit you:

	Single Parent		Working Couple w/ Kids		Single Person	
	Without FSA	With FSA	Without FSA	With FSA	Without FSA	With FSA
Total Income	$30,000	$30,000	$55,000	$55,000	$36,000	$36,000
Pre-Tax Deductions						
Medical / Dental / Vision	$0	$600	$0	$960	$0	$500
Dependent Care	$0	$3,600	$0	$4,500	$0	$0
Taxable Income	$30,000	$25,800	$55,000	$49,540	$36,000	$35,500
Taxes *						
Federal, State, FICA	$7,500	$6,450	$13,750	$12,385	$9,000	$8,875
Net Income (After Taxes)	$22,500	$19,350	$41,250	$37,155	$27,000	$26,625
Post-Tax Deductions						
Medical / Dental / Vision	$600	$0	$960	$0	$500	$0
Dependent Care	$3,600	$0	$4,500	$0	$0	$0
Spendable Income	$18,300	$19,350	$35,790	$37,155	$26,500	$26,625
Tax Savings		$1,050		$1,365		$125

*** Assumes a 25% tax bracket**

How Much Should You Contribute?

Use this worksheet to estimate your out-of-pocket expenses for the coming year. As a useful budgeting tool, it will help to figure out how much you should contribute to the StLL Flex Plan. Remember, you can't change your contribution amount during the year unless you experience a qualifying event, but don't forget to take into consideration any factors that could have an impact on these amounts.

A comprehensive list of what is and is not covered is included on the following page. If you have any questions regarding specific examples, please feel free to contact the StLL Plan Administration Office at (315) 287-2028.

Medical and Dental Reimbursement Account

Estimated expenses not covered by your medical and dental plans

Medical expenses, such as:	
-Provider and Rx Drug co-payments	$______________
- Other eligible expenses	$______________
Dental expenses, such as:	
- Deductibles, coinsurances & co-payments	$______________
- Crowns, bridges and dentures	$______________
- Orthodontic (braces)	$______________
Vision care expenses, such as:	
- Eye Exams	$______________
- Eyeglasses	$______________
- Contact lenses and supplies	$______________
Total Estimated Health Care Expenses:	$______________
Dependent Day Care Reimbursement Account	$______________
Adoption Reimbursement Account	$______________
Premium Reimbursement Account	$______________
Health & Disability Insurance Premiums Other than District Sponsored Health Insurance	

Summary

$______________	______________	$______________
Total Annual Amount	÷ # Pay Periods	= Per Pay Deduction

What Expenses Can You Claim?

The following list identifies some of the common medical, dental and vision related expenses that the Internal Revenue Service considers to be deductible expenses for you, your spouse and your dependent children who are under the age of 27 regardless of whether they are claimed as a dependent for tax purposes. These expenses are eligible for reimbursement through the StLL Flex Plan provided that you have not been reimbursed for them through any other benefits plan.

Health Expenses That Are Eligible For Reimbursement Under the Medical Account

Abortion (Legal)
Acupuncture
Alcoholism Treatments
Ambulance
Annual physical exams
Artificial limbs and teeth
Birth control pills
Braille books and magazines (to the extent prices exceed prices for regular books and magazines)
Car (special medical equipment within)
Chiropractors
Co-insurance payments
College infirmary fee
Contact lenses
Crutches, wheelchairs
Deductibles
Durable medical equipment
Electrolysis or hair removal (with supporting diagnosis and s statement of medical necessity)
Emergency room visits
Eye glasses
Fees for health clubs (with supporting diagnosis and statement of medical necessity)
Guide dog and its upkeep
Hair transplant (with supporting diagnosis and statement of medical necessity)
Health care equipment
Hearing aids and batteries
Hearing exams
Hospital bills
Immunizations
In home health spa equipment (to the extent that the value of the home is not increased)
Lab fees
Lead based paint removal to prevent lead poisoning
Legal fees to allow treatment of mental illness
Lip reading lessons
Lodging for medical care
Mileage to/from doctors
Over the counter medications that have been prescribed to you by a physician (you must include a copy of the script with your claim)
OB/GYN exams
Office visits
Osteopaths
Oxygen
Parking
Physical therapy
Physician bills
Prescription drugs
Private hospital room
Private nurses
Psychiatrists
Rental of medical equipment
Routine checkups
Saline or enzyme solution fro contact lenses
School physician charges
Special schooling for physically or mentally handicapped family member
Special TV for the deaf
Sterilization
Stop smoking programs for general well being
Surgery
Telephone for the deaf
Vision exams
Vitamins (that require a prescription for purchase)
Well baby care
Wigs to cover baldness due to medical reasons
X-rays

Dental Expenses That Are Eligible For Reimbursement Under the Medical Account

Anesthesia
Cleaning
Co-insurance and co- payments
Crowns, bridges
Deductible
Dental exams
Dentures
Extractions
Fillings
Fluoride treatments
Mileage to/from dentists
Oral surgery
Orthodontics
Parking
Root canals
X-rays

Health Expenses That Are *Not* Eligible For Reimbursement Under the Medical Account

Any illegal treatment
Cosmetic procedures (unless necessary to restore normal functioning)
Diaper service
Funeral expenses
Health and beauty aids
Insurance premiums
Teeth whitening

Dependent Care Expenses That Are Eligible For Reimbursement Under the Dependent Care Account

An eligible dependent is any dependent who is less than 13 years of age and your dependent under federal income tax rules. An eligible dependent may also include your mentally or physically impaired spouse or a dependent who is incapable of caring for him or herself (for example, an invalid parent). The dependent must spend at least eight hours a day in your home.

You may elect to pay an amount up to $5,000 per Plan Year in covered expenses through this Dependent Care Plan option.

Child care services will qualify for reimbursement if they meet the following requirements:

The child must be under 13 years old and must be your dependent under federal tax rules. Note: If your child turns 13 during the year, you cannot stop your contribution at that time.

The services may be provided inside or outside your home, but not by someone who is your minor child or dependent for income tax purposes (e.g. an older child).

If the services are provided by a day-care facility that cares for six or more children at the same time, it must be a qualified day-care center.

You will have to report the Social Security number of the individual care giver or the taxpayer identification number of the child care or adult care center on your Federal income tax return as well as each time you submit for reimbursement of a dependent care expense.

The services must be incurred to enable you, or you and your spouse if you are married, to be employed.

The amount to be reimbursed must not be greater than your income or the combined income of an employee and spouse, whichever is lower.

Services must be for the physical care of the child, not for education, meals, etc.

Allowable Dependent Care expenses include payments to the following when the expenses enable you to work:

Child care centers
Family day care providers
Baby-sitters
Nursery schools
Summer day camps
Caregivers for a disabled dependent or spouse who lives with you

Dependent Care Expenses That Are *Not* Eligible For Reimbursement Under the Dependent Care Account

Dependent care expenses that are provided to one of your dependents by a family member, unless the family member is age 19 or over by the end of the year and will not be claimed as a dependent.

Expenses for food and clothing
Education expenses from the first grade on
Health care expenses for your dependents
Overnight camps

Insurance Premium Reimbursements That Are Eligible For Reimbursement Under the Premium Reimbursement Account

If you elect benefits under the Individual Premium Reimbursement Plan, you will be reimbursed for the costs of health or disability insurance coverage on your spouse, your dependent children or you, other than your coverage under your District's insurance plan. For example, you could use this benefit option if you purchase and pay for a health insurance policy for a child who is no longer eligible for coverage under your Employer's health insurance plan but is still a dependent of yours for tax purposes.

You may elect to pay an amount up to $10,000 per Plan Year in covered expenses through this Individual Premium Reimbursement Plan option.

Adoption Expenses That Are Eligible For Reimbursement Under the Adoption Account

The Adoption Assistance Program option provides reimbursement to you for the reasonable and necessary expenses that you incur in the process of legally adopting an eligible child, including adoption fees, court costs and attorney fees. Expenses that are not eligible for reimbursement include expenses incurred in violation of state or federal law, expenses incurred in carrying out a surrogate parenting arrangement, and expenses in connection with the adoption of a step-child. An "eligible child" is a child who has not yet reached age 18 or is physically or mentally incapable of caring for himself or herself.

The maximum amount of reimbursement that you may receive in connection with the adoption of any one child is $10,960 (this $10,960 will be adjusted for inflation in years after 2006). **This is a total rather than an annual amount, even if the expenses occur over a period of years.**

Generally, any amounts paid to reimburse you for eligible adoption expenses would be excluded from your income for the year of reimbursement. However, should you adopt a child who is not a citizen or resident of the United States, all amounts reimbursed to you would be excludable from your income only in the year in which the adoption becomes final.

While the amount of your salary that is withheld to pay adoption expenses is excluded from your income in determining your income tax liability, FICA (Social Security) and FUTA (Unemployment) taxes still apply.

The federal tax laws also provide a tax credit (reducing federal tax liability) for adoption expenses that are not reimbursed by an employer or paid under a state or federal grant program. The maximum amount of the credit is $10,960 per adoption (subject to inflation adjustments after 2006). You may claim both a credit and a reimbursement exclusion in connection with the same adoption, provided they are not claimed with respect to the same expense. Because any election for benefits under the Adoption Assistance Plan should be coordinated with the use of the credit, the Administrator strongly recommends that you seek advice from your own tax advisor before electing benefits under the Adoption Assistance Plan.