



Limited Purpose Flexible Spending Accounts



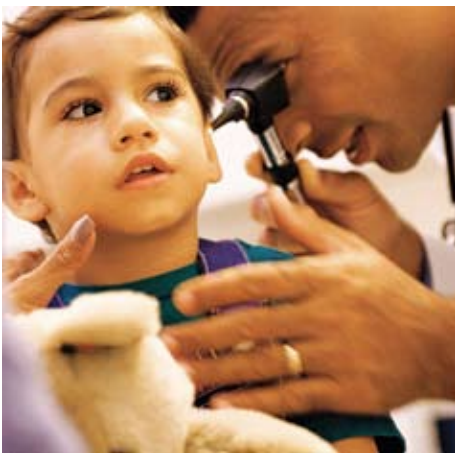
The Value of Limited Purpose Health Care Flexible Spending Accounts

A Limited Purpose Flexible Spending Account (LPFSA) provides tax-exempt funds you can use to pay for eligible dental, vision and preventive care expenses that are not covered, or only partially covered, by your medical, dental or vision insurance plans. Uncovered expenses such as deductibles, co-payments, insurance differentials and over-the-counter items can mean significant costs are still being paid directly from your pocket.



Reduce your essential dental, vision and preventive care expenses by 20% - 40%

Because your LPFSA contributions are exempt from Federal income tax, Social Security taxes (FICA) and, in most cases, state income tax, you can save 20% - 40% on health services and products you have to purchase every day. While your actual savings is based on your individual tax rate, let's look at some potential yearly savings for a family of four at a 30% tax rate:



	Your Out-of-Pocket Cost	Net Cost to You	Tax Savings with the FSA
Deductibles	\$2,500	\$1,750	\$750
Dental Exams/Cleanings	\$1,500	\$1,050	\$450
Vision Exams	\$400	\$280	\$120
Eyeglasses/Contact Lenses	\$750	\$525	\$225
Preventive Care	\$5,000	\$3,500	\$1,500
		Total Savings:	\$3,045



For an average family of four, and just on these few expenses, that's an annual savings of over \$3,000 per year! With the cost of living rising every day, think about the impact that kind of savings can have on your household budget.

- Save 20% - 40% on dental, vision and preventive care expenses not covered by insurance
- Reduce your income taxes
- Receive reimbursement on an extensive list of eligible expenses
- Fund your account with simple paycheck deductions

Plan Your Contributions

The key to getting the most from your LPFSA is to maximize your contributions based on the expenses you expect to incur during the benefit year. To plan your contributions, just follow these simple steps:

- Review the list of eligible expenses on the FSA website
- Review your dental, vision and preventive care expenditures from last year
- Write down any new eligible expenses you anticipate during the benefit year (bridge or crown work, pre-natal or well-child care, age-appropriate cancer screenings, orthodontia, etc.)
- Be sure to include insurance plan deductibles
- If desired, set aside a little extra “padding” for those unexpected expenses. If you don’t incur any unexpected expenses, you can use those funds to purchase contact lenses, prescription sunglasses or an extra pair of eye-glasses.
- Then estimate your cost for each of these expenses. The total of your individual estimates is what you should contribute to your LPFSA.

You may be surprised by how much of your healthcare costs are actually paid out of your pocket.

It is also important to remember that an LPFSA is not a savings account. You must use all of your contributions each year or risk losing any unused balance at the end of the benefit year. So, base your contributions on what you expect to be able to spend on eligible expenses during the benefit plan year. If needed, contribution planning assistance can be located on the FSA website.

Note: Your employer determines the minimum and maximum amount you may contribute to the Limited Purpose FSA. Your employer’s plan documents may also define the types of expenses covered under the plan. Be sure to review your employer’s plan documents before enrolling in the plan.



Coverage Eligibility

You may enroll in you employer’s LPFSA plan even if you receive insurance coverage through your spouse’s employer. And your LPFSA funds can be used to cover eligible expenses for all your qualified dependents.

Eligible Expenses

Because the Limited Purpose FSA is funded with pre-tax dollars, the Internal Revenue Service determines the expenses that are eligible for reimbursement. The list of eligible expenses is extensive and is updated often. If you are uncertain about whether or not an expense qualifies for reimbursement, you should verify its eligibility before incurring the expense. A current list of IRS-approved expenses can be located on the FSA website.

It’s All Yours

Your employer provides the Limited Purpose Flexible Spending Account at no cost to you ... no setup fees, no premiums or membership fees, no hidden fees. And, as a special advantage with the Limited Purpose FSA, you have immediate access to your entire election amount from the first day of the benefit year ... before all your contributions have been made.

Opening Your Account

It’s as simple as 1-2-3 to begin contributing to your new Limited Purpose FSA

- 1** Plan your contributions. For contribution planning assistance, use the More On Health Care link on the FSA website and then view the section for Limited Purpose.
- 2** Enroll in the Limited Purpose FSA during your annual enrollment or new hire election period.
- 3** Review your account through the FSA website soon after the plan year begins and at least monthly thereafter.

Your payroll contributions to your new FSA account will begin with the new benefit year or according to your employer’s plan documentation.

Visit the FSA website at www.flexdirect.adp.com to learn more about Flexible Spending Accounts.



Automatic Data Processing, Inc.
2575 Westside Parkway, Suite 500
Alpharetta, Georgia 30004-3852