

Minnesota Clerical, Inc. Benefits Election/Waiver Form

Date ____/____/____

Part A - Employee and Family Member Information

Last Name _____ First Name _____ Age _____ Spouse's Age _____
Home Address _____ # of Dependents _____
City, State and Zip _____
Phone Number _____
Email Address _____

Part B - Plan Election and/or Waiver

Please check the boxes to indicate your plan election(s) and/or waiver(s) below.

Plan Name	Elect Single Coverage	Elect Family Coverage	Waive Coverage
Flexible Spending Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dental Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long-Term Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vision Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accident Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cancer/Specified-Disease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hospital Confinement Indemnity or Sickness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hospital Intensive Care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part C - Signature

Your Signature _____ Date _____

Whether you are electing or waiving coverage, **please return this form to InsuranceSmart.** Once the Plan Administrator (InsuranceSmart) receives this election/waiver form, a representative will contact you to discuss your enrollment in more detail.

FLEXIBLE SPENDING ACCOUNT SAVINGS EXAMPLE

Follow this real-life example of a MN Clerical Employee to learn how Section 125 can increase your take-home pay.

I am married filing jointly, with soon to be 2 sons. My flexible expenses are listed below. We contribute to an HSA account for dental expenses and out of pocket medical.

Type of Expense	Per month	Per year
Dependent Care	\$1,080	\$12,960 <i>Maximum allowed amount is \$5000/yr</i>
Individual HSA-qualified Health Insurance Premium	\$380.30	\$4,563.60
Colonial Hospital/Indemnity Plan Premium	\$46.40	\$556.80
	TOTAL	\$10,120.40

By contributing the maximum amount allowed, I save FICA (7.65% x \$10,120 = \$774.21) and by taking it out pre-tax it lowers my taxable income from the 25% tax bracket to the 15% tax bracket saving me (25% x \$10,120 = \$2,530)

*So although it takes me an extra 3-4 days to receive my flexible money (which I request to have automatically deposited into my checking account), **A Flex Plan saves me \$3,304.21 a year in taxes!** I still take an additional \$1,000 worth of standard daycare deduction.*

If I did not have the access to a Flex Plan I would only be able to take the standard daycare deduction and be able to deduct medical expenses over 7.5% of my AGI. My family does not meet the 7.5% of our Adjusted Gross Income for medical expenses and would not be able to deduct any of it.

HOW MUCH WILL YOU SAVE?



Flexible Spending Account Enrollment Form

Client TASC Id:
4802-3541-5594

Plan Name:
Minnesota Clerical, Inc.

ROXANNE OLSEN
MINNESOTA CLERICAL, INC.
17230 UPLANDER ST. NW
ANOKA MN 55304

Every line must be completed. Please enter zero (0) on the lines where no amount is being deducted. Make sure to sign and date the enrollment form. Return the completed and signed form to your employer.

Participant Information: Full Name _____
Address _____
City _____ State _____ Zip _____
Email _____

Benefit	Maximum Allowed	Plan Year Election Amount
Dependent Care Expenses	\$ 5,000.00	\$ _____
Non-Employer Sponsored Premiums	No Maximum	\$ _____
Transportation Expenses	\$ 5,520.00	\$ _____

AUTHORIZATION: I certify the above information to be true to the best of my knowledge and that the children for whom I will be claiming dependent or child care expenses either reside with me in a parent-child relationship or are legally dependent on me for their support. I agree to have my compensation reduced by the deductible amount(s) stated above. I understand that any amounts remaining in my account(s) not used for qualified expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws. I further understand that the Flexible Spending Amount will be in effect for the entire plan year and cannot be revoked except as permitted by federal law. I understand that my share of eligible group premium(s) automatically will be deducted before taxes. I also understand, that if I do not wish to take advantage of having my eligible insurance contributions deducted pre-tax and prefer to be taxed on these dollars, I will contact my payroll department.

Authorize Signature _____ Date: _____

Enrollment Form Instructions

Dependent Care Expenses: Amount paid for day care expenses per year. The maximum allowable amount under IRS regulations is \$5,000 per calendar year per family; \$2,500 per calendar year for married individuals filing single. This limit is regardless of the number of dependents you may have.

Non-Employer Sponsored Premiums: Privately purchased insurance premiums, including health, disability, cancer and term life insurance. Group insurance premiums deducted from your paycheck for your employer-sponsored plans DO NOT qualify within this category. Insurance premiums deducted through your spouse's employer are not eligible. Term life insurance premiums for the employee only can be deducted up to the first \$50,000 (in death benefits). You must take into account any term life elected through your employer sponsored premiums to determine limits.

Transportation Expenses: Amount paid for costs associated with a commuter highway vehicle to travel to and from work per year. Includes costs associated with transit passes, as well as qualified parking. Federal limits apply. Contact your employer or FlexSystem for details.

Pre-Tax Example

	Without FlexSystem	With FlexSystem
Gross Pay	\$3,500/mo	\$3,500/mo
Pre-Tax Benefits		
-Medical/Dental Premiums	0	300
-Medical Expenses	0	100
-Dependent Care Expenses	0	400
TOTAL	0	800
Wages subject to tax	3,500	2,700
Federal Tax	525	405
FICA Tax (Social Security)	268	207
State Tax	175	135
Out-of-Pocket expenses	800	0
Spendable Income	1,732	1,953

Net Increase in Take-Home Pay = \$221/mo

This is an illustration only and actual numbers may vary. Paying certain qualified expenses before tax increases your take-home pay.

Questions Frequently Asked by Employees

1. What does FlexSystem offer?

FlexSystem offers you a choice to pay for certain qualified benefits on a pre-tax basis. Paying for certain benefits with pre-tax dollars reduces the amount you pay in taxes and increases your take-home pay. Every dollar paid on a pre-tax basis results in a savings to you. (See example in box.)

2. Any cost or fee to me?

No.

3. Must I participate in my employer's health insurance?

FlexSystem is not tied to any insurance plan or company. You may participate in FlexSystem regardless of your particular insurance provider.

4. What are qualified medical expenses?

These expenses include dental care, prescriptions, eyeglasses, and out-of-pocket medical expenses not covered by insurance. In addition, any over-the-counter medication needed to alleviate or treat personal injuries and/or illness are eligible. However, vitamins and other dietary supplements taken for general health purposes are not eligible. Here are some examples of eligible expenses. (This list is for reference only. For an entire listing visit www.irs.gov.)

Alcoholism, treatment of
Ambulance hire
Birth control
Braces
Chiropractors
Co-insurance
Contact lenses and cleaning solution
Deductibles
Dental fees, unless cosmetic

Diagnostic fees
Eyeglasses, including exam fee
Hearing devices and batteries
Insulin
Laboratory fees
Medical supplies
Nurses' fees
Orthodontia
Orthopedic shoes

Over-the-counter medications
Prescribed medicines
Psychiatric care
Routine physicals and other non-diagnostic services and treatments
Surgical fees
Transportation expenses primarily for rendition of medical services
X-rays

5. How does the Dependent Care Account compare with the tax credit available on the individual Form 1040?

The circumstances that determine which option offers greater savings vary from family to family; as such, the decision to choose the tax credit or the dependent care deduction may be made on a case by case basis only. Participation in FlexSystem results in an immediate savings on Federal, State and Social Security tax, whereas the Federal credit will affect Federal Income Tax only and will be taken at year-end.

6. How does a Cafeteria Plan affect Social Security benefits?

Reduction of your Social Security benefits will be minimal and is offset by the tax savings and lower health care costs available under FlexSystem. To compensate for this minimal reduction you may consider increasing your retirement plan funding.

7. Under what circumstances can the annual election be changed?

The elections can be changed only if there is a change in family or employment status. See the "Change of Elections Form" for more details.

8. What is the "Use-It-or-Lose-It" rule?

Any funds left unused at the end of the Plan Year are forfeited. Take precautionary steps to avoid having balances in the Flexible Spending Accounts at year-end. The key is to be conservative when making elections.

9. Who determines the rules and regulations of FlexSystem?

Flexible Spending Accounts are regulated by the IRS. Our documentation guidelines are intended as a means to ensure eligibility of your Requests for Reimbursement. It is the participant's responsibility to comply with these guidelines and to avoid duplication of requests or submission of ineligible charges. Failure to adhere to the above requirement could lead to payment delays or reimbursement denial.

In the event of an error or omission in the course of administering the Plan on behalf of the employer and participating employees, TASC will notify and remedy the error or omission within a reasonable period of time following the error or omission. The employer and employees agree to TASC's procedures for making any corrections, including but not limited to payroll reduction. An error by the employer or TASC does not constitute an assumption of liability for the amount of the error.