

SECTION 125 CAFETERIA PLANS

NACO
ENDORSED

What is it?

A benefit provided to employees allowing them to set aside a certain amount of pre-tax income, which can then be used during the year to be reimbursed for qualified healthcare and dependent care expenses.

How do employees start?

They fill out an enrollment form and conservatively estimate the minimum amount they anticipate spending on healthcare and dependent care over the next twelve (12) months.

First Concord Benefits Group will reimburse employees from flexible spending accounts based on the eligible claims they submit.

Employees have multiple ways to access their funds:

- Instant Access with a Debit Card
- Convenient Reimbursement with Direct Deposit
- Reimbursement by mailed check

Employees can view their account information 24/7 via our online website www.firstconcord.com

EMPLOYER SAVINGS SCENARIO

Employee 1	\$ 500
Employee 2	\$1,000
Employee 3	\$ 650
Employee 4	\$ 500
Employee 5	\$1,500
Employee 6	\$ 400
Employee 7	\$2,000
Employee 8	\$2,550
Employee 9	\$ 400
Employee 10	\$ 750
Total elections by employees	\$10,250
	7.65%
Total Employer Savings	\$ 784.12

SECTION 125 CAFETERIA PLANS (CONTINUED)

The Internal Revenue Code Section 125 separates qualifying expenses into categories that can be reimbursed on a before tax basis. They are:

Part A. Unreimbursed Healthcare

Spending Account

Examples of these expenses may be, but are not limited to insurance deductibles, medical exams, hearing, dental expenses, vision expenses, orthodontia and Prescription Drugs. All health care expenses must be for the diagnosis, cure, mitigation, treatment or prevention of disease or for the purpose of affecting any structure or function of the body to be a qualified health care expense under the plan.

Part B. Dependent Day Care

Spending Account

Only those dependent care expenses which allow an employee (and their spouse) to be gainfully employed are eligible. This excludes care which is primarily for medical or educational purposes.

Eligible Dependents

Dependent children under age 13, or any other dependent who is incapable of caring for himself or herself, whose principal residence is in the employee's home and is eligible to claim as a dependent on their federal tax return.

Eligible Expense

Reimbursement is limited to the income of the lower earning spouse and also \$7,500/year; \$3,750 if married, filing a separate return. Married employees in separate plans can only be reimbursed in total \$7,500. The reimbursement amount may not exceed the employee's salary; or for married employees, the lesser of the spouse's salaries (subject to certain exceptions).