

**FOND DU LAC FLEXIBLE BENEFIT PLAN**  
**SUMMARY DESCRIPTION**

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***FDL FLEXIBLE BENEFIT PLAN***

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***FOND DU LAC***  
***FLEXIBLE BENEFIT PLAN***  
***SUMMARY PLAN DESCRIPTION***



Through the FDL Flexible Benefit Plan, the employee has an opportunity to increase take home pay by reducing their taxes.

Under the plan, medical and dental premiums are deducted from the employee's paycheck on a pre-tax basis. This election is subject to the "use it or lose it" rule, unless the employee has signed a waiver.

The Plan Year is October 1st through September 30th. Estimated elections are made prior to the start of the Plan Year and cannot be modified unless the employee meets certain requirements listed in the modification section. All expenses must be incurred during the Plan Year for which the election is made and may not be greater than the benefit limits (see each category for limits).

***ELIGIBILITY*** -All employees of the Fond du Lac Divisions are eligible to participate in the Fond du Lac Flexible Benefit Plan.

***ENROLLMENT***- Employees are eligible to enroll in the Fond du Lac Flexible Benefit Plan on a yearly basis. Enrollment for current employees takes place each year prior to the Plan Year October 1st to September 30th. All new employees in the first six months of the Plan Year will be eligible to enroll prior to April 1st for the remainder of the year (2-quarters) .

## ***UNDERSTANDING YOUR FLEXIBLE BENEFIT PLAN***

Employees who enroll in the FDL Flexible Benefit Plan are able to save four ways: they can use pre-tax dollars to pay for employer provided insurance premiums, out-of-pocket medical expenses, dependent care expenses, and employee term life premiums.

### ***1. DEPENDENT CARE ACCOUNT***

If you pay someone to care for your child under age 13, a spouse or other dependent who is physically or totally unable to care for themselves while you are at work, you may include those dollars in your Flexible Benefit Plan. Eligible expenses include day care, adult day care, pre-school tuition and summer day camp. The IRS rules limit the amount to \$5,000 per year, or \$2,500 if you are married and file separate tax returns.

### ***2. TERM LIFE INSURANCE ACCOUNT***

Eligible Term Life Insurance must meet the following requirements :

- Term Life Insurance policy on employee only
- Maximum face value of \$50,000
- Group term life insurance coverage paid by your employer must be subtracted from total value of your individual policy. (\$25,000)

### ***3. OUTSIDE INSURANCE PREMIUM ACCOUNT***

Eligible Insurance Coverage Premiums are as follows :

- Accident, cancer, contact lens, dental, disability hospitalization, medical, Medicare B (voluntary) , vision, and nursing home .
- Expenses for premiums paid through your spouse's employment *cannot* be included .

**4. NONREIMBURSED MEDICAL EXPENSE ACCOUNT**

The dollars you normally spend on medical and dental expenses for you and your family can be included in the Flexible Benefit Plan so that you do not have to pay taxes on that money.

Listed below is a partial listing of allowed expenses through your Flexible Spending Account.

**In general, medical expenses that are allowable deductions on your federal income tax are also reimbursable expenses through your medical spending account.**

*EXPENSES WHICH CAN BE ELIGIBLE:*

Acupuncture	Operations
Ambulance	Orthodontic Fees
Chiropractor	Physical Exams
Contact Lenses/Solutions	Prosthesis
Dental Treatment	Psychiatrist Fees
Doctor Fees	Transportation
Prescription Drugs	Well-Child Care
Drug Addiction Treatment	Wheelchair
Eye Exams/Eyeglasses	X-ray Fees
Hearing Aids	Insulin
Hospital Services	Insurance Deductibles
Immunizations	Laboratory Fees
Surgery	Mental Health Counseling
Physical Therapy	

**THINGS TO REMEMBER ABOUT YOUR  
FLEXIBLE BENEFIT PLAN**

- Election form must be filed with Payroll Services prior to September 30th of each Plan Year. (Only election forms received after September 30th with a postmark of September 30th will be accepted.)
- Quarterly Expense forms **MUST** be submitted to FDL Payroll Services by the following dates :
  - 1st Quarter -January 15th**
  - 2nd Quarter -April 15th**
  - 3rd Quarter -July 15th**
  - 4th Quarter -September 15th**These deadlines are *absolute* unless postmarked by the 15th.
- Receipts must be attached to the Quarterly Expense forms for the following categories:
  1. Dependent Care
  2. Out-of-Pocket Medical Expenses
- All expenses claimed for pre-tax reimbursement must have been incurred during the Plan Year .
- Modifications to your election form must be made within *30 days* of the change.  
If you are being terminated you must notify FDL Payroll Services prior to the issuance of your last check or you will be responsible for the remainder of your elections.
- All responsibility for providing backup to the IRS, if audited, is on the participant.
- Employees who are enrolled in the family medical and dental coverage are subject to the modification and "use it or lose it" rules.

- Unclaimed expense election amounts in all categories will be deducted from your pay (pre-tax) in the fourth quarter.
- After Plan Year end, you have sixty days to submit additional expenses.

### ***ESSENTIAL PLAN INFORMATION***

The IRS has created a series of rules that require your close attention, particularly in the planning stages of your participation in the FDL Flexible Benefit Plan.

***REIMBURSEMENT:*** Any expense must be incurred within the Plan Year to be eligible for reimbursement. Reimbursements are coordinated quarterly with your payroll checks. Complete instructions for filing a reimbursement claim are included on the back of the Quarterly Reimbursement Expense Form.

***USE IT OR LOSE IT RULE:*** The IRS code governing Flexible Benefit Plans, require the dollars you put into the Plan through payroll deduction available only for reimbursement through the Plan, and you must plan one year at a time. If you do not use up all the dollars you elected to have deducted for the year, you cannot roll them into the next year or get them back. Those dollars would be considered forfeited. The Plan does allow sixty (60) days beyond the close of the Plan Year to submit expenses incurred during the Plan Year for reimbursement.

In order for the Plan to qualify for tax advantage, there must be an "element of risk" on the part of a participant according to IRS rules, and the "use it or lose it" rule provides this risk. Therefore, it is essential to use up the full election balance during the Plan Year.

***MODIFICATION TO PLAN YEAR  
ELECTIONS***

The amounts you elect must remain the same for the entire Plan Year under the IRS rules. It is possible to change your election amount *ONLY* if there is a qualifying change in your family or employment status. The IRS defines these as follows:

- birth or adoption of a child
- death of spouse or dependent
- marriage or divorce of the employee
- change of employment status of you or your spouse
- unpaid leave-of-absences taken by employee or spouse

You must request any change to your election amount within *30 days* of the qualifying event. Questions as to whether an event will qualify should be directed to the Plan Administrator.

***DATA FOR PAY CHECK EXAMPLE***

This example shows how you can save tax dollars and increase your net pay simply by paying for your necessary expenses through participation in the FDL Flexible Benefit Plan

<u>Type of Election</u>	<u>Employee Election Amount</u>	<u>Employee Quarterly Amount</u>
Dependent Care	\$3000	Can be any amount-total must be used by plan year end
Outside Insurance Premium	\$500	Can be any amount-total must be used by plan year end
Non Reimbursed Medical	\$2000	Amount is divided by 4-for equal quarterly amounts
Tax Exemptions	Married with 4 exemptions claimed	Used for both Federal and State tax calculation

## ***PAY CHECK EXAMPLE***

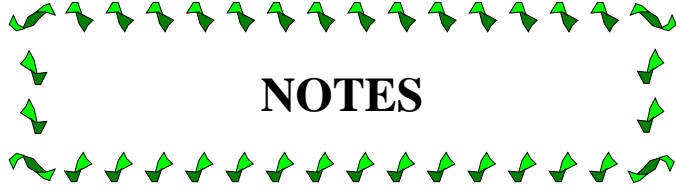
	WITH FLEX PLAN	WITHOUT FLEX PLAN	
GROSS	\$1500 + \$1450	\$1500	
DEPENDENT CARE DEDUCTION	\$800	\$.00	
INSURANCE PREMIUM DEDUCTION	\$150	.00	
NON REIM- BURSED MEDICAL DEDUCTION	\$500		
FISS 6.20% TAX DEDUCTION	\$3.10	\$93.00	
FIMC 1.45% TAX DEDUCTION	\$.73	\$21.75	
FEDERAL TAX M-4 DEDUCTION	\$.00	\$237.52	
STATE TAX M-4 DEDUCTION	\$.00	\$47.00	
NET PAY	\$1496.17	\$1100.73	
TAX SAVINGS	\$395.44		
YEARLY TAX SAVINGS	W-2 TAXABLE IN- COME REDUCED BY \$5,500—TAX \$1,485		

# FDL Flex Plan Worksheet

## DEPENDENT CARE PLANNING WORKSHEET

Amount paid per month during <b>SCHOOL YEAR</b>	\$		X 9 Months	=	\$
Amount paid per month during <b>SUMMER</b>	\$		X 3 Months	=	\$
<b>TOTAL ANNUAL ESTIMATED DAY CARE EXPENSE</b>					\$
<b>Subtract</b> Vacation Time <i>(daily rate)</i>	\$		X Days	-	\$
<b>Subtract Sick</b> Time <i>(daily rate)</i>	\$		X Days	-	\$
<b>TOTAL ANNUAL ESTIMATED DAY CARE EXPENSE</b>					\$
<b>DIVIDED BY 4</b>					
<b>TOTAL ESTIMATED PER QUARTER</b>					\$

<b>MEDICAL EXPENSE PLANNING WORKSHEET</b>						
				No. months or people	Total Annual	
<b><i>Medical Expenses</i></b>						
	Prescription Co-Pay	\$	X		=	\$
	Doctor Visit Co-Pay	\$	X		=	\$
	Deductible Amount	\$	X		=	\$
	Immunizations	\$	X		=	\$
	Physicals	\$	X		=	\$
	OB/GYN/ Mammogram	\$	X		=	\$
<b><i>Dental Expenses</i></b>						
	Cleaning/Exam	\$	X		=	\$
	Fillings	\$	X		=	\$
	Crown/Bridge	\$	X		=	\$
	Orthodontia	\$	X		=	\$
<b><i>Vision Expenses</i></b>						
	Glasses	\$	X		=	\$
	Contac Lenses	\$	X		=	\$
	Eye Exam	\$	X		=	\$
<b><i>Hearing Expenses</i></b>						
	Hearing Texts	\$	X		=	\$
	Hearing Aids	\$	X		=	\$
	Hearing Aid Batteries	\$	X		=	\$
<b>TOTAL ANNUAL ESTIMATED MEDICAL EXPENSES</b>						\$
<b>DIVIDED BY 4</b>						
<b>TOTAL ESTIMATED PER QUARTER</b>						\$



**NOTES**

Submit your Election Form by September 30th.
Mark your calendar with the quarterly dates to submit your Quarterly Reimbursement form.



Questions????  
Contact your  
Plan Administrator  
Linda Bassett  
FDL Payroll Services Director  
878-2637