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## ***Gilsbar Flexible Spending Accounts (Overview)***

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**Short Plan Year: October 1, 2008 - December 31, 2008**

**New Plan Year: January 1, 2009 - December 31, 2009**

**Maximum Medical FSA Short Plan Year: \$625 / New Plan Year: \$2500**

**Maximum Dependent FSA Short Plan Year: \$1250 / New Plan Year: \$5000**

**Run Out Period: 90-Days**

**Waiting Period: None**

REMINDER: The Internal Revenue Service (IRS) requires review of all receipts for eligible expenses in an FSA, including debit card transactions and over the counter drugs. As a reminder, participants should keep all of their receipts for the entire plan year in the event that Gilsbar ask for documentation or the IRS requests a copy of a receipt.

Flexible Spending Accounts allow you to use pre-taxed dollars towards health care expenses such as prescription and over-the-counter medication, certain medical procedures, copays, and more. With Flexible Spending Accounts (FSA), you can save a significant amount of money on your health and day care expenses using a Health Care and/or Dependent Care Flexible Spending Account (FSA). The frequently asked FSA questions below will help you understand how to make the most of this program and your paycheck.

### ***General questions regarding Health Care and Dependent Care Accounts:***

#### **What is an FSA?**

Provided by your employer, an FSA is a reimbursement account that allows you to set aside a certain amount of each paycheck, pre-tax, to help pay for your out-of-pocket medical expenses and/or dependent day care expenses. The amount you elect is deducted from gross earnings before federal and state taxes are calculated. By using your FSA to pay for qualified expenses you save on income tax... which means your take home pay increases!

#### **Will I pay taxes on the money I set aside?**

No. FSA contributions and reimbursements are exempt from Federal Income taxes, Social Security (FICA) taxes, and in most cases, state income taxes.

#### **What kind of savings can I realize by participating in this program?**

Actual savings depend on your tax bracket, but most people will save about 30% on their eligible health care and dependent care expenses.

#### **Can I submit expenses I incurred before the beginning of the plan year?**

No. Only expenses incurred during the plan year and while you are a participant are eligible for reimbursement.

#### **How long do I have to file a claim with Gilsbar after the plan year ends?**

You have a grace period (90 days) after the end of the plan year to submit expenses incurred during the plan year.

#### **Can I change the amount of my election(s) in the FSA program during the plan year? (i.e. my glasses cost more than I anticipated, I miscalculated my daycare expenses for the year)**

Generally, you may not change your FSA elections during the Plan Year.

However, you may change during the annual enrollment period for the coming Plan Year. There is an exception to this rule: you may change or revoke your deferral rate in the FSA if you have a Change in Dependent Status. Examples of a qualifying status change may include:

- Marriage, divorce, or legal separation
- Birth, adoption or placement for adoption of a child
- Death of a dependent or spouse
- Change in employment status of yourself or your spouse
- A significant change caused by a third party in the cost of your dependent care coverage

**If I terminate employment, or participation in the FSA, what happens to the money left in my account(s)?**

You will be reimbursed only for expenses incurred prior to your termination date, and submitted within the termination grace period. Any money remaining in your account(s) after the grace period will be forfeited.

**Can I view my FSA balances online?**

Yes! Visit myGilsbar.com and login to access claims information and FSA balances online. Once you are logged in, select the “Reimbursement Account Center” link on the left side of the screen to view your account balances. If you are new to myGilsbar, complete the brief site registration to login. At the end of this summary, please see the Gilsbar “Welcome Letter” for more details on how to register on mygilsbar.com.

**What if I have a question?**

If you have any questions regarding your account balance, claim reimbursement or eligible expenses, you can access your account information at myGilsbar.com or you can call our Customer Contact Center at 1-800-445-7227 ext. 883.

**How does participating in an FSA save me money?**

The following example illustrates how a FSA saves you money. This example shows the per period savings for an employee on a bi-weekly payroll, with a tax status of “single” with one exemption:

	<b>With FSA</b>	<b>Without FSA</b>
<b>Salary</b>	\$1000	\$1000
<b>Less Pre-Taxed Dollars:</b>		
Medical Reimbursement	\$100	\$0.00
Dependent Day Care Reimbursement	\$150	\$0.00
Taxable Income	\$750	\$1000
<b>Less:</b>		
Federal Income Tax	\$82.00	\$121.00
State Income Tax	\$17.58	\$23.44
Social Security	\$57.37	\$76.50
<b>Net Take Home Pay</b>	<b>\$593.05</b>	<b>\$779.06</b>
<b>Less Health Care &amp; Dependent Care Expenses</b>	<b>\$0.00</b>	<b>\$250.00</b>
<b>Net After Expenses</b>	<b>\$593.05</b>	<b>\$529.06</b>

Tax Savings This Pay Period: \$63.99  
 Annual Tax Savings: \$63.99 X 26 pay periods = \$1,663.74