

Q What kind of expenses are not reimbursable by the cafeteria plan?

A Expenses incurred to improve your appearance or general health, such as cosmetic procedures or expenses incurred during the previous plan year but not paid until the current plan year, are not allowed. Some of the most commonly denied expenses include, but are not limited to:

- Teeth bleaching (even if your dentist prescribes it)
- Invoices that do not include the required information
- Expenses incurred during previous year

Q What information should be included on documentation submitted for reimbursement?

A Basic information required on all invoices for:

- **Medical reimbursement** - the date of service, patient name, description of services received and some indication of insurance coverage
- **Dependent-care reimbursement** - the date of service, child-care facility's name, tax ID number or Social Security number, signature of the person providing service and amount paid
- **Additional information** - may be required by the third-party administrator

Q Will I get any money back not used for unreimbursed medical or dependent/day care expenses?

A The law requires that you forfeit any unused money left in the plan at the end of the plan year. Therefore, it is a good idea to estimate those expenses for unreimbursed medical or day care on the conservative side.

Q How does the plan affect my Social Security?

A Because you do not pay Social Security tax on any benefits you elect to pay for under the cafeteria plan, your Social Security benefits may be reduced.

Q Who do I call for more information about the cafeteria plan?

A Ask for a benefits consultant in the BKD office nearest you.

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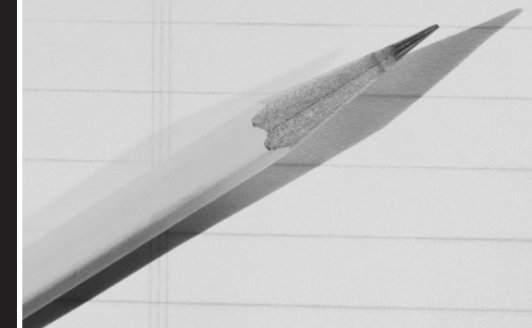


Questions & Answers About Your Cafeteria Plan

Using pretax \$ to pay for selected insurance, day care & medical expenses

My Cafeteria Expenses

- ✓ Insurance
- ✓ Medical
- ✓ Dental
- ✓ Child care



Questions & Answers About Your Cafeteria Plan

Q What is a cafeteria plan?

A A cafeteria plan is an employee benefit program allowing employees to select and pay for certain benefits with pretax dollars. As a result, you increase your net take-home pay.

Q How does a cafeteria plan work?

A Just as a cafeteria offers a menu of foods to select from, so does a cafeteria plan offer a “menu” of benefits you can choose to pay for with pretax dollars. Money from your salary you set aside to pay for these benefits is not subject to federal, state and local income tax or Social Security tax.

Money you put into the plan for benefits like dependent care and unreimbursed medical expenses is placed in an account for each benefit. You are reimbursed as you submit a claim for a qualifying expense such as a day care bill. Insurance premiums are paid with the money you redirect, without having to file a claim.

Q What benefits can I choose to put in the cafeteria plan?

A You can choose from a “menu” of benefits, including some or all of the following:

- Medical insurance premiums
- Dental insurance premiums
- Disability insurance premiums
- Group term life insurance premiums
- Child care/dependent care expenses
- Unreimbursed medical expenses

Q What are dependent care expenses?

A These are expenses for the care of a dependent child or elderly parent you and your spouse (if married) incur for you to work outside the home. For example, expenses for a day care center or day care provider would be considered dependent care expenses. To qualify as a dependent, children must be under age 13, and adults or adolescents must be physically or mentally unable to care for themselves.

Q Once I sign up for the cafeteria plan, can I change my deduction (deferral)?

A Yes, if the document provides a change in status, *i.e.*, marriage, divorce, death or birth, you may be allowed to change your deferral during the plan year. Consult with your plan administrator to determine what changes in status apply to your plan.

Q What are unreimbursed medical expenses?

A Expenses not paid by your health insurance plan, such as out-of-pocket medical, dental and vision expenses incurred by you or your dependents during the current plan year, including but not limited to:

- Ambulance hire
- Artificial limbs and teeth
- Automobile modifications (hand controls, special equipment, mechanical lifts)
- Braille books and magazines
- Crutches
- Drug and alcohol rehabilitation
- Drugs (legal prescription only or insulin) and medical supplies
- Elastic hose, medically prescribed
- Eyeglasses/contact lenses/laser surgery
- Fees

Acupuncture	Laboratory	Physical examination
Chiropractor	Lip reading lessons	Physician
Clinic	for the deaf	Psychologist
Dentist	Nurse	Psychoanalyst
Diagnosis	Ophthalmologist	Psychiatrist
Eye examination	Optometrist	Psychologist
Gynecologist	Pediatrician	Surgeon
Hospital	Podiatrist	Therapy

- Hearing devices
- Hospital bills
- Nursing care
- Obstetrical expense
- Operations and related treatments
- Oxygen equipment
- Rental of medical or hearing equipment
- Retirement home fees, portion allocable to medical care
- Sanitarium or rest home
- Seeing-eye dog
- Special education
- Support or corrective devices (including special mattress and board for arthritis)
- Telephone for deaf
- Television set modifications to receive closed captions
- Therapy treatments
- Transportation expense relative to illness
- Weight-loss program
- Wheelchair
- X-rays
- In addition, if your employer allows, certain over-the-counter medications also may be reimbursed

This is a general list only. Consult your plan administrator for a list of exclusions or to verify if an expense not mentioned above is covered by the plan. In addition, always be conservative when making your annual election.

Q How does the plan save me money?

A The costs of benefits you select are deducted from your pay before taxes are deducted. You do not pay federal, state and local income taxes or Social Security taxes on these benefits. The following example illustrates how the plan saves you money:

	Without a Cafeteria Plan	With a Cafeteria Plan
Gross pay	\$2,000	\$2,000
Cost of benefit		(200)
Net taxable	\$2,000	\$1,800
FICA (7.65%)	(153)	(137)
Income taxes	(400)	(360)
Cost of benefit	(200)	
Net spendable income	\$1,247	\$1,303
Average savings per pay period		\$ 56

Q How do I get my money out of the plan?

A The company will provide you with a claim form, instructions for filing claims and necessary documentation. You will then receive a check in a timely manner. In addition, when the plan year ends, there will be time to file expenses that occurred in the previous plan year.