



**SHEAKLEY UNISERVICE, INC.**  
**FLEXIBLE BENEFITS DIVISION**

**UNDERSTANDING FLEXIBLE BENEFITS**

Flexible Benefits started when Congress passed Section 125 of the Internal Revenue Code in 1978. Section 125 allows certain qualified expenses, estimated for a given year, to be deducted directly from your paycheck and claimed for reimbursement when used. These deductions are taken before taxes, therefore, reducing your taxable income.

Example: Mary is single with three children and Mary earns \$3,000 per month. She pays \$125 a month in childcare expenses and \$25 a month for prescriptions. The calculations below show how much Mary will save by participating in the Flexible Benefit Plan her company offers.

<u>WITH FLEXIBLE BENEFITS</u>		<u>WITHOUT FLEXIBLE BENEFITS</u>	
\$3,000.00	Income	\$3,000.00	Income
<u>-150.00</u>	Expenses	332.00	Federal Tax
\$2,850.00	Taxable Income	-90.00	State Tax
-295.00	Federal Tax	<u>-229.50</u>	SocSec/Medicare
-85.55	State Tax	\$2,348.50	Net Income
<u>-218.02</u>	SocSec/Medicare	<u>-150.00</u>	Expenses
\$2,251.43	Mary's Income	\$2,198.50	Mary's Income
<b>**MARY WILL SAVE \$52.93 EACH MONTH AND \$635.16 A YEAR BY PARTICIPATING**</b>			

**DEPENDENT CARE REIMBURSEMENT**

Dependent Care Reimbursement enables you to deduct childcare (day care) or elder care expenses up to \$5,000 a year per family or \$2,500 if married filing separate, before taxes. A claim is then filed to receive reimbursement for the expense(s). **Eligible Expenses include** charges for before and after school programs, babysitting, day care, summer camps, and elder care.

The following rules apply:

- You must substantiate the expense with a receipt showing the date(s) of service, amount charged, and the provider's name and federal identification or social security number.
- A dependent must be under age 13 or disabled at any age
- The service(s) must be provided while you and your spouse work, or attend school full-time.
- Expenses cannot exceed the lower income of either spouse.
- If using a day care center, it must be licensed.
- Baby-sitting services provided by a dependent relative under the age 19 are not eligible
- Overnight camps are not eligible

**HEALTH CARE REIMBURSEMENT**

Health Care Reimbursement enables you to deduct medical, dental, and vision expenses up to the maximum annual amount set by your employer, before taxes. A claim is then filed to receive reimbursements for the expense(s). **Eligible Expenses include** (but are not limited to) charges for medical, dental, or vision office visits, prescription drugs, over-the-counter drugs purchased to treat a medical condition, x-rays, labs, orthodontia, teeth cleanings, bridges, crowns, eye exams, glasses, contacts, lasik eye surgery, ambulance and emergency room fees, diabetic supplies, dust-free products, alcohol and drug treatment centers, smoking cessation programs, and weight loss programs for obesity.

The following are some (but not all) items that are not eligible:

- Bleaching/whitening of teeth
- Cosmetic procedures/surgery
- Exercise equipment
- Vitamins

## PROCEDURES & SERVICES

- All expenses need to be estimated for the Plan Year. Please be conservative when estimating. Any funds left in the account will be forfeited at the end of the grace period for the Plan Year.
- At the beginning of each new Plan Year, you will be given the opportunity to elect if you would like to participate, dropout, or change your election.
- Your election cannot be changed mid-plan year unless there is a change in your family status that is a qualifying event. The following are qualified events: marriage, divorce, birth or adoption, death, or a change in you or your spouse's employment. All changes must be consistent with your new election choice and must be made within 30 days of the qualifying event. To discuss a specific event, please contact Customer Service.
- As the contribution you elected is deducted from each of your paychecks it is recorded in your Health Care and/or Dependent Care Reimbursement Account(s).
- To receive the funds from these accounts, you must complete a claim form and attach documentation of the type of service provided, amount you are responsible to pay, and date(s) of service(s).
- All claims must be for services incurred during your coverage period of the Plan Year. Incurred is defined as the date in which services are provided. Coverage period is defined as the first of the month in which your first contribution is deducted and the last day of the month in which your last contribution is deducted.
- In the event you terminate employment, the end of the month in which you last contributed to the Plan becomes your termination date. Services performed after your termination date are not eligible for reimbursement.
- Once the claim is reviewed and approved, a reimbursement will be sent directly to your home address or direct deposited to your checking or savings account. You will receive a direct deposit voucher at your home address. Claims received by 2:00 p.m. Eastern Time on Tuesdays are payable the following Friday. Claims received by 2:00 p.m. Eastern Time on Thursdays are payable the following Tuesday. Please allow 3-5 business days for direct deposits to be in your account.
- Be sure to notify Customer Service of a change in address by updating it on your claim form or completing and sending in an employee change form. Direct deposit can be updated and sent to Customer Service by attaching a new voided check to your claim form or to an employee change form.
- Access to your account information is available on the Internet at [www.sheakley.com/flex](http://www.sheakley.com/flex) 24 hours, 7 days a week. To access your account, follow the site to "Participants Page". For security purposes, you must enter a password and a personal identification number (pin): password = your social security number - 123456789, pin = 8 digit date of birth - mmddyyyy. The website information is updated daily. You will also receive a statement in the mail 60 days prior to the end of the Plan Year reminding you of any remaining funds in your account and the deadline to submit claims.
- For specific information regarding your plan, the grace period, health care annual limit, plan year, and more, please refer to your Summary Plan Description or contact Customer Service.

## CUSTOMER SERVICE

Customer Service representatives are available to assist you from 8:00 a.m. to 5:00p.m. Eastern Time Monday through Friday, except on holidays. Customer Service can assist you with determining if a certain expense is eligible for reimbursement, if a certain change in your family status is considered a qualifying event, and much more.

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