



Flexible Spending Account Summary

(Section 125 Cafeteria Plan)

Goodwill offers eligible employees the opportunity to participate in a Section 125 Flexible Spending Account Cafeteria Plan. Eligible employees may enroll in the plan upon new eligibility for benefits and will be offered the opportunity each year for the next calendar year.

WHAT IS IT?

This plan allows individuals to budget for health, daycare, and benefit plan costs as well as save money. What happens is that you choose to have a dollar amount deducted from your paycheck pre-tax throughout the year. When you go to the doctor, pay a medical or daycare bill, or purchase qualified items at the store, you can get reimbursed up to the amount you put in the plan. Many people budget big expenses or things health insurance may not cover such as glasses, braces, hearing aids, surgery, etc.

The biggest reason individuals participate is to take advantage of the tax break you receive from using this plan to pay for qualified medical related expenses. If, for example, you have a regular prescription such as birth control or blood pressure medication you use throughout the year and you know how much you will be spending on those, you would calculate how much that amount is and have it deducted from your gross wages as a pre-tax deduction on your paycheck. You pay for it over a period of 26 paychecks versus one or two.

Other common uses for the plan are budgeting for eyeglasses, paying co-pays for doctor visits, and buying common products such as contact solution, or band-aids. The plan can also be used for out of pocket expenses such as your deductible or other expenses related to surgeries or other tests.

WHY WOULD I WANT TO USE IT?

Most employees choose to take advantage of the plan because they know family members or they will spend, at least, a certain amount of money on qualified expenses throughout the year. Because this plan is financed by a pre-tax deduction from each paycheck, using the plan will not only will it help you budget for expenses, you will also save money.

THINGS TO KNOW

You may enroll in this plan when you are eligible for benefits and once a year after that. You plan for the entire year in advance. There is a limit of \$2550 on medical expenses and \$5000 on dependent care and will typically run a pay period or so behind in reimbursement. Any money not used, you do not get back so plan accordingly. Goodwill does offer an extension through March 15 of the next year to submit claims. This plan may only be dropped upon termination or the end of the year. Once enrolled, you may not change your deductions until the next plan year. You do need to save all receipts/bills as regulations frequently require documentation as to what was purchased. This may not be the right plan for all individuals based on your tax bracket and situation. You do not need to be signed up for other insurance in order to participate.

Goodwill pays all related administrative costs related to the plan as an additional benefit to you.