



AMERICAN FIDELITY ASSURANCE COMPANY

SECTION 125

Flexible Benefit Plan

Is Your Paycheck Saving You Money?

The Section 125 Plan allows you to deduct eligible benefits from gross earnings before taxes are computed. What that means is that current after-tax expenses for insurance products and benefits can now be paid for with pre-tax dollars. Plus, the plan is available to you at no cost and you're already eligible—all you have to do is enroll!

By implementing this plan, your employer is helping you reduce your taxes and increase your spendable income. The cost saving advantage of the plan is simple. Any benefit costs or insurance premiums you pay under the plan are paid on a pre-tax basis.

It's Time To Schedule Your Benefit Review!

Are you taking full advantage of the excellent employee benefits package offered to you through your employer? Schedule your free, quick review session to make sure you understand all of your voluntary benefits offered through payroll deduction, plus the benefits of your Section 125 Flexible Benefit Plan.

During your benefit review:

- Learn more about your employer-sponsored Section 125 Plan
- Determine if you are eligible for election changes
- Recap all insurance benefits available through payroll deduction

Employee Name **Doe, John**
 Social Security # 123-45-6XXX
 Employee Number 3839
 Payment Date 1/12/10
 Period Begin Date 1/1/10

Earning & Hours	WITHOUT S125	WITH S125
Monthly Salary	\$2,000	\$2,000
Medical Deductions	N/A	-250
Taxable Gross	\$2,000	\$1,750
Taxes (Federal & State @ 20%)	-400	-350
Less Estimated FICA (7.65%)	-153	-133
Medical Deductions	-250	N/A
Take Home Pay	\$1197	\$1267

WOW - That's a difference of \$70!

How Can This Plan Help You?

This illustration shows the advantage of the Section 125 Plan in comparison to benefits without the plan. The sample paycheck with the Section 125 Flexible Benefit Plan has \$70 of more spendable income per month!

If you are subject to FICA taxes, there might be a slight reduction in your social security benefit due to the reduction of FICA contributions.

Example is for illustrative purposes only. Please consult your tax advisor for actual tax savings.



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Are You Saving Money With Dependent Day Care?

The Dependent Day Care Account allows you to deposit money into an account to reimburse yourself for eligible day care expenses. A maximum of \$5,000 is allowed for reimbursement of dependent day care expenses per calendar year (the amount changes to \$2,500 if you are married and file a separate tax return). As you incur an eligible dependent day care expense, simply submit your claim to American Fidelity for reimbursement of the costs.

Do You Spend Too Much On Out-Of-Pocket Medical Expenses?

Each year, you can elect to direct a portion of your paycheck into an Unreimbursed Medical Expense Account. As you incur an eligible expense, simply submit your claim to American Fidelity for reimbursement from your account. Examples of eligible medical expenses may include, but are not limited to, medical deductibles, co-payments, prescriptions and other medical expenses not reimbursed by another source.

Eligible expense examples include:

Acupuncture	Orthodontia expenses*
Alcohol and drug rehabilitation	Outpatient care
Anesthetist	Over-the-counter drugs** and medicines for treatment of a medical condition
Artificial limbs and teeth	Pediatrician
Birth control pills	Physical therapy provided by licensed therapist
Chiropractor	Practical nurse
Christian Science practitioners	Psychiatrist
Dental care	Psychologist
Eye exam, eyeglasses, contact lenses, contact lens solutions and enzyme	Stop-smoking program
Hearing aids and batteries	Transportation expenses for person to receive medical care based on IRS standard mileage allowance
Insulin	Weight loss programs and/or drugs prescribed to induce weight loss***
Invitro fertilization	
Laser eye surgery	
Midwife	
Optometrist	

*Service must have been incurred or already paid.

**Effective January 1, 2011 you must submit a medical practitioner's prescription in order to be reimbursed.

***May need doctor's statement for medical necessity.

Remember: Be conservative when determining your annual election-
“If you don't use it, you lose it!”

We are proud to be your Section 125/Flexible Spending Accounts Plan Provider. For more information or to enroll in this plan, see your American Fidelity representative.

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