CONSIDER FLEXIBLE SPENDING
Open Enrollment 2016

Flexible Spending is a great way to pay your out-of-pocket medical expenses with pretax income deducted from your salary. Enrollment does not carry over from year to year, so be sure to enroll for 2016.

WHY CONSIDER FLEXIBLE SPENDING
With Flexible Spending, you choose to have your healthcare contribution deducted from your paycheck each pay period in equal installments before federal income tax, state income tax (in most cases), and Social Security taxes are taken out. Every dollar you put into your Flexible Spending Account is tax-free income you can spend on medical and dental expenses.

For example: The average family of four in the United States can expect to pay close to $2,820 a year in out-of-pocket medical expenses like
doctor visits, prescription copayments, dental work, new glasses, or even an unexpected hospital stay.

If $2,550—the 2015 limit—of that $2,820 goes into a Flexible Spending healthcare account, the family could save more than $600 in taxes (for a 25% tax bracket).

Here’s an example to show how it works:

<table>
<thead>
<tr>
<th>Out-of-pocket Expenses</th>
<th>Annual Example</th>
<th>Taxes Saved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician</td>
<td>$485</td>
<td>$121.25</td>
</tr>
<tr>
<td>Inpatient hospital</td>
<td>$1,125</td>
<td>$281.25</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$500</td>
<td>$125.00</td>
</tr>
<tr>
<td>Outpatient hospital</td>
<td>$345</td>
<td>$86.25</td>
</tr>
<tr>
<td>Other</td>
<td>$95</td>
<td>$23.75</td>
</tr>
<tr>
<td>Total</td>
<td>$2,550</td>
<td>$637.50</td>
</tr>
</tbody>
</table>

The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account, your annual earnings, whether you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket, and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.

THE BENNY CARD

The optional Benny prepaid benefits card makes it fast and convenient for you to access the money you’ve set aside in your Flexible Spending Account. It works just like an ordinary debit card, but should only be used to pay for eligible expenses.

Using your Benny Card helps keep cash in your wallet because you don’t have to pay out-of-pocket at the time of purchase and then wait to be reimbursed. The amount will automatically be deducted from your Flexible Spending Account.

Your Benny Card will contain the value of your annual election for medical and dental expenses. Simply present it at participating locations wherever MasterCard debit cards are accepted—at the pharmacy, doctor’s office, or most other locations where you’re incurring eligible expenses.

When you use your Benny Card, you won’t have to complete any claim forms. Plus, you can check balances or account details anytime—either online at mybenny.com or with a quick phone call to Deseret Mutual. You can continue submitting your Flexible Spending claims using our online system, or you can also submit your claims on paper.

You should always save itemized receipts for purchases made with your Benny Card. You may be asked to submit some receipts to verify that your expenses comply with IRS and Deseret Mutual guidelines. Your itemized receipt must show the patient name, provider or merchant name, service received or item purchased, and the date and amount of
the expense.

If you plan to use your Benny Card to pay your coinsurance, it’s very important you wait for Deseret Mutual to process the claim first and then pay the balance to your healthcare provider. Then our discounts can be calculated and applied before you take responsibility for a portion of the expense.

**KEEP IN MIND**

With Flexible Spending, you can set up two separate accounts: one for medical and dental expenses and another for dependent care—or day-care—expenses.

For medical and dental expenses, you can set aside up to $2,550. For dependent day-care expenses, you can set aside up to $5,000 (or $2,500 if you’re married and filing your taxes separately). If you want to participate in both, you must enter two separate allocations.

The dependent-care (day-care) account covers expenses if you claim the person being cared for as a dependent on your income tax return and the person is either:

- Younger than 13
- Physically or mentally incapable of self-care and regularly spends at least eight hours a day in your household. (Regularly doesn’t mean daily, but frequently, on a regular basis.)

Persons providing the dependent care cannot be:

- Claimed as a dependent on your income tax return
- Claimed as a dependent on your spouse’s income tax return
- Your child or stepchild younger than 19
- Your spouse

Examples of excluded services include babysitting services, unless such services allow both you and your spouse to be gainfully employed, if you are married.

Remember, your Benny Card will only work for eligible medical and dental expenses, not for dependent-care expenses.

**IMPORTANT ITEMS TO REMEMBER**

As a part of healthcare reform, the annual limit you can set aside for eligible medical and dental expenses is $2,550.

Make sure you remember this important amount as you plan your Flexible Spending budget for next year.

The Benny prepaid benefits card is optional. You must let us know during open enrollment whether you want to have a Benny Card for the coming year.

If you decline the Benny Card for 2016, your next opportunity to choose to use one will be during the next year’s open enrollment—you can’t
change your mind after the open enrollment deadline. Keep in mind that even if you currently have a Benny Card, you must let us know you want it activated for 2016.

**HOW TO ENROLL**

You must enroll in Flexible Spending by Thursday, December 31, 2015. You can enroll online during open enrollment, or use the enrollment form in the Forms Library at [www.dmfa.com](http://www.dmfa.com).

If you want to have your Benny Card activated by the first of the year, enroll in Flexible Spending by Tuesday, December 1, 2015, and check the I want to receive a Benny Card box.

Remember, enrollment doesn’t carry over from year to year; you must re-enroll if you want to participate in 2016.