

*You can
make more
money
this year!*



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A Flexible Benefits Plan

helps your paycheck buy more!

Sometimes referred to as a cafeteria plan, flex plan, or a Section 125 plan — a Flexible Benefits Plan lets you set aside a certain amount of your paycheck into an account — before paying income taxes. During the year you have access to this account for reimbursement of expenses you regularly pay for, such as health care and dependent daycare.

When you use tax-free dollars to pay for these expenses, you realize an increase in your spending power, and substantial tax savings.

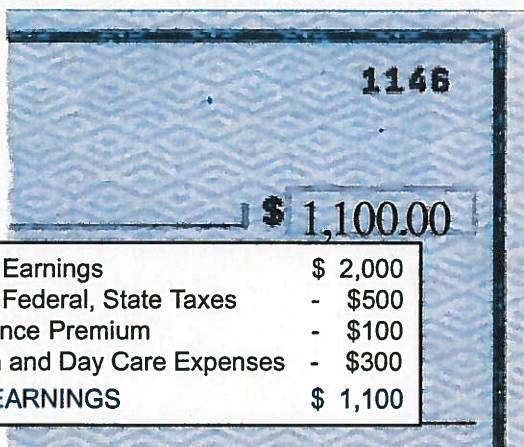
Reimbursable expenses can include:

- Deductibles, Co-pays, and Prescription Drugs
- Expenses not covered by insurance
- Dental Services & Orthodontics
- Eyeglasses, Contacts, Solutions & Eye Surgery
- Weight-loss programs (associated with a specific disease)
- Chiropractic services
- Psychiatric care & Psychologist's fees
- Smoking Cessation programs
- Over-the-counter drugs that are approved by the IRS or a medical practitioner
- Hearing Exams and Aids
- Adult & Child Daycare services
- And more!

Here's how it works...

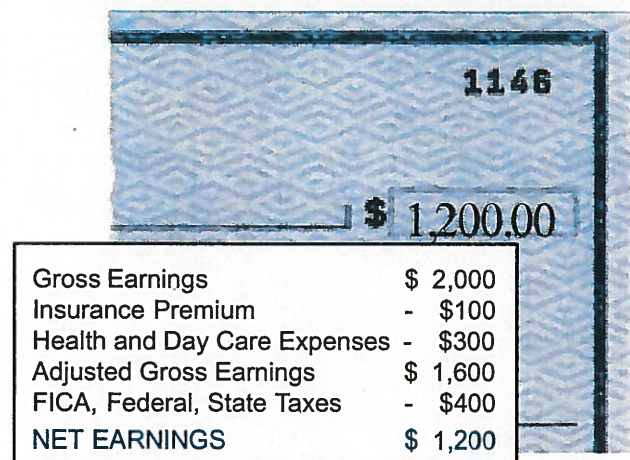
Example: An employee makes \$2,000 each month and decides to participate in her employer's Flexible Benefits Plan. As a result, her insurance premiums and health and daycare expenses are paid with tax-free dollars, giving her an additional \$100 each month!

Without the Plan



Gross Earnings	\$ 2,000
FICA, Federal, State Taxes	- \$500
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
NET EARNINGS	\$ 1,100

With the Plan



Gross Earnings	\$ 2,000
Insurance Premium	- \$100
Health and Day Care Expenses	- \$300
Adjusted Gross Earnings	\$ 1,600
FICA, Federal, State Taxes	- \$400
NET EARNINGS	\$ 1,200

It's as easy as...

Carefully read this material and choose which options make sense for you to participate in.

Determine how much you expect to spend during the year for each option.

Complete the attached Participation Form and return it to your Human Resources Department.

Step I: Your Options

There are several accounts you can participate in with the Flexible Benefits Plan.

I: Medical Flexible Reimbursement Account

This account reimburses you for health care expenses not covered by insurance. You set aside money, tax-free, through regular payroll deductions. During the year, you can be reimbursed directly from your account for those qualified health care services provided they are not covered by insurance.

Common expenses that qualify for reimbursement are — doctor visits, deductibles, co-payments, prescriptions, mental health care, dental services and orthodontics, chiropractor services, eye exams, glasses and contacts.

II: Dependent Care Reimbursement Account

This account reimburses you for daycare expenses for eligible children and adults. Through regular payroll deductions, you set aside part of your income to pay for these expenses on a tax-free basis. To qualify, your dependents must be:

- a child under the age of 13, or
- a child, spouse or other dependent who is physically or mentally incapable of self-care and spends at least 8 hours a day in your household.

Qualified expenses for reimbursement include — adult and child daycare centers, preschool and before/after school care.

Please note: A dependent care credit is available on your annual tax return. Whether or not to participate in the daycare portion of this plan depends on your income, filing status, number of

dependents and annual daycare expenses. You will also receive your tax savings throughout the year, rather than once a year when you file your taxes. Contact your plan administrator for further information.

III: Premium Savings Account

This account allows you to pay for your employer-provided health and other insurance premiums with tax-free dollars. If you are covered under your employer's health and/or other insurance plans, you are automatically enrolled in this account! Be sure to let your employer know if you don't want your premiums paid tax-free.

IV: Additional Benefit

Your employer may have included benefits in addition to the programs described above. Your Employer's Human Resource Department will send notification, along with this enrollment Brochure, if any such additional benefits are being offered at this time.

Step II: Determining Your Reimbursable Expenses

By completing the following information, you can calculate your annual reimbursable expenses.

Take into consideration the services to be provided during the upcoming plan year for you and your dependents.

Health care Expenses

Medical (1)*

Deductibles \$ _____
 Co-payments \$ _____
 Doctor visits \$ _____
 Prescriptions \$ _____
 Other \$ _____
 Over the counter drugs \$ _____
Total \$ _____

Vision (2)

Exams \$ _____
 Eye Surgery \$ _____
 Lenses/Frames \$ _____
 Contacts \$ _____
 Solutions \$ _____
 Other \$ _____
Total \$ _____

Dental (3)*

Routine Check-ups \$ _____
 Fillings/Crowns \$ _____
 Orthodontics \$ _____
 Other \$ _____
Total \$ _____

Dependent Daycare Expenses

Children \$ _____
 Adults \$ _____
Total \$ _____

Other Reimbursable Expenses**

Total \$ _____

Estimated Annual Expenses and Tax Savings

Total Health care Expenses (add 1 + 2 + 3) \$ _____
 Total Dependent Daycare Expenses \$ _____
 Total Other Reimbursable Expenses \$ _____
Total Expenses \$ _____
 Tax Bracket Percentage (see below) _____ %
Annual Tax Savings \$ _____
 (multiply total expenses by tax bracket percentage)

Savings Amount Per Paycheck

\$ _____
 (divide total expenses by number of paychecks you receive each year - 52, 26, 24, 12)

Tax Estimate Table

Based on a combination of social security, federal, and state income taxes.

If your annual household earnings are:	Estimated tax rate is:
Less than \$30,000	25%
\$30,000 to \$40,000	29%
\$40,000 to \$70,000	31%
Greater than \$70,000	33%

These tax rates are estimates based on national averages and may not reflect your actual tax rate.

* Cosmetic procedures like teeth bleaching and face lifts are not eligible expenses for reimbursement.

** An "Additional Benefit" may not be offered by your employer. Check with your employer.

Step III: Complete the Participation Form

Using the information you calculated in Step II, complete the attached Participation Form and return it to your employer.

Questions & Answers

What is a Flexible Benefits Plan?

A benefit provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying income taxes. Then, during the year you can be directly reimbursed from your account for qualified health care and daycare expenses.

Why should I participate in the Medical Flexible Spending Account when I already have health insurance?

This account is used to pay for expenses not covered by insurance. For example — annual physicals, co-payments, eye exams, glasses, orthodontics, prescription drugs, and hospital care to name a few. Covered expenses also include medically necessary approved by the IRS and/ or prescribed by your physician.

If I set aside part of my pay, won't I make less money?

No. Your net take-home pay will increase by the amount of taxes you did not pay. An example of how it may work for you is detailed on the inside of this brochure.

Can I change my contributions during the year?

Only if you have a change in status such as: marriage, birth, adoption, or a change in your, your spouse's, or your dependent's employment status.

What if I currently take the dependent care credit on my annual tax return?

Whether or not to participate in the daycare portion of this plan depends on your income, filing status, number of dependents and annual daycare expenses.

The amount you deposit in your Dependent Care Reimbursement Account reduces the amount, dollar for dollar, that you can claim as a credit on your tax return. Contact your plan administrator for further information.

How do I get reimbursed for my expenses?

Once you have completed the attached Participation Form, you will receive a claim form and instructions on how to file your claim. Simply complete the form, attach a copy of the health care or dependent care bill, and mail or fax the form to your plan administrator. Within a short time, you will receive your reimbursement.

Do I have to wait for the money to be deposited in my account in order to make a claim for reimbursement?

The annual amount you have allocated for the Medical Flexible Spending Account is available to you at any time throughout the plan year. The amount available to you from your Dependent Care Reimbursement Account is the amount you have contributed to date.

How do I know how much is available in my accounts?

Each time you are reimbursed you will receive a statement attached to your reimbursement check that shows the dollar amount you have set aside as well as the amount you have been paid to date. You may also check your balance online 24/7 at www.myRSC.com.

What happens to my accounts if I terminate my employment?

You will be able to request reimbursement for health care and daycare expenses for services provided prior to your termination. Check your SPD for any additional rights or benefits provided by your company's plan.

What if I don't use all of the money I set aside in my accounts?

Carefully review your estimated expenses before making the decision to participate. Any contributions that are not used during the plan year may not be paid to you in cash or used in a later plan year.

What if I am not covered under my company's health insurance plan?

Good news! You and your family can still participate in the Medical Flexible or Dependent Care Reimbursement Accounts. As long as you are eligible for insurance.

How do I benefit by participating?

Your biggest advantage is the tax savings. Every dollar you set aside in your account reduces your income taxes, and you can be reimbursed for qualified expenses that you are already paying for!

Are there any negatives that I should know about?

Yes, because you are not paying any social security tax on that portion of your income that has been redirected, your social security benefits may be slightly reduced.

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