



Your Section 125 Plan Can SAVE You Money!

Is Your Paycheck Saving You Money?

A Section 125 Flexible Benefit Plan allows you, the employee, to select from a list of available benefits that will meet your needs. You are then able to use "pre-tax" dollars to pay for qualified benefits. By participating in this plan you reduce your taxes and increase your spendable income. Any benefit costs or insurance premiums you pay under the plan are paid on a pre-tax basis.

How Can This Plan Help You?

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.

The example to the right illustrates the advantage of the Section 125 Plan in comparison to a plan without the benefits. By utilizing the Section 125 Flexible Benefit Plan, the sample paycheck has \$54 more per month of spendable income.

	Employee Name	Doe, John	
	Social Security #	123-45-6XXX	
	Employee Number	3839	
	Payment Date	1/12/07	
	Period Begin Date	1/1/07	
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 @ 20%)	-400	-350	
Less Estimated Medicare (1.45%)	-29	-25	
Medical Deductions	-250	N/A	
Take Home Pay	\$1321	\$1375	
		WOW - You Save \$54!	

Are You Saving Money On Dependent Day Care and Out-Of-Pocket Medical Expenses?

You can direct a part of your pay, on a pre-tax basis, into a special account that can be used to reimburse yourself for Dependent Day Care expenses and/or Unreimbursed Medical expenses. Because your money goes into your reimbursement accounts before federal and state income taxes or Medicare contributions are withheld, you pay less in taxes, and ultimately have more disposable income. As you incur a qualified Dependent Day Care expense or an Unreimbursed Medical Expense, you submit the appropriate claim paperwork to American Fidelity for reimbursement of your expense.



A Dependent Day Care Reimbursement Account is used to reimburse yourself for eligible dependent care expenses incurred to allow you (and your spouse if you are married) to work or look for work. You may allocate up to \$5,000 pre-tax per calendar year for reimbursement of dependent care services (\$2,500 if you are married and file a separate tax return).

An Unreimbursed Medical Expense Account may be used to reimburse yourself for eligible medical expenses incurred for yourself, your spouse, and your eligible dependents. 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.