



ALTRES Tax-Savings Program

Pay less tax. Save more money.

Many common expenses are eligible:

- ▶ braces and retainers
- ▶ contacts and glasses
- ▶ co-pays and deductibles
- ▶ lab fees and x-rays
- ▶ laser eye surgery
- ▶ prescription drugs
- ▶ surgery and hospital bills
- ▶ preschool
- ▶ before & after school care
- ▶ adult daycare
- ▶ parking at work
- ▶ bus pass

Tax-Savings Programs

A tax-savings program is an employee benefit made available to you by your employer and ALTRES. It's designed to decrease the amount you pay in income tax and put more money in your pocket. Most people can save 20–35% on regular, monthly expenses.

Flexible Spending Account (FSA)

A Flexible Spending Account (FSA) is one of the tax-saving programs you qualify for if you consistently work 20 or more hours per week. Also known as Section 125 benefit plans, there are two types of FSAs: Health Care and Dependent Day Care.

Health Care FSA

You can use your Health Care FSA funds to pay for health, dental and vision care expenses for yourself, your spouse, and all of your dependents. A general rule of thumb for determining what qualifies as an eligible expense is that it must be incurred primarily to treat a medical condition. A detailed list of eligible and ineligible expenses is available on simplicityHR.com/FSA. The maximum contribution you can make to the Health Care FSA is \$3,050 per year.

The Health Care FSA is 100% pre-funded. That means your entire election amount for the year is available to you the week after your first payroll deduction, regardless of how much money you have deposited into the account. If you are planning a surgery or other large expenditure, the Health Care FSA can help you to spread out the payments over the year. Additionally, using the PIOPAC Debit Card can eliminate out-of-pocket payments and reimbursement paperwork. A debit card will be issued to you automatically upon enrollment and is free of charge. You may elect an alternate method for reimbursement and are not required to use the debit card.

Dependent Day Care FSA

The Dependent Day Care FSA can be used to pay for day care expenses for your qualified dependent(s) while you (and your spouse, if you're married) are working, looking for work, or attending school full time. Common eligible expenses include preschool tuition, before/after school care for children under age 13, and day care for elderly parents who are unable to care for themselves. Given the high cost of day care, the Dependent Day Care FSA can save you a lot of money, but eligibility requirements are specific. Therefore, we encourage you to familiarize yourself with the details of this FSA before filling out your salary redirection form.

The maximum contribution you can make to the Dependent Day Care FSA is \$5,000 per single taxpayer or married couple per year. A married taxpayer filing as single can contribute up to \$2,500 per year.

Other Tax-Savings Programs

Medical and/or Dental Premiums

Medical and/or dental premiums can be automatically deducted from your paycheck before taxes. Your premiums will continue to be paid on a pre-tax basis until you request otherwise. You probably signed up for this benefit at your ALTRES orientation unless you deliberately opted for after-tax payment of premiums.

The Pre-Tax Commute Plan

The Pre-Tax Commute Plan (Section 132) can be used by all active employees to pay for parking at or near the workplace and mass transit expenses (i.e., TheBus or Handi-Van). You are not required to work any minimum number of hours to qualify for this benefit, but must earn enough to cover the monthly deduction from your paycheck. Because the plan is month-to-month, you can enroll and cancel plan participation at any time.

Maximum contributions are \$315 for parking and \$315 for mass transit per month. You can participate in both the mass transit and the parking plans, but keep in mind that the plans are separate so you will not be able to transfer unused funds from one to the other. Reimbursements cannot exceed the amount of money you have already contributed to the plan.

Supplemental Health Insurance

Certain types of supplemental health insurance policies are available to you on a pre-tax basis. Underwritten by AFLAC, they include:

- ▶ Accident Indemnity Advantage
- ▶ Preferred Hospital Protection Plan
- ▶ Premier Cancer Indemnity Insurance
- ▶ Critical Care and Recovery
- ▶ Short-Term Disability (available post-tax only)

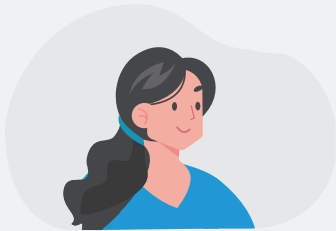
These policies are designed to reinforce your health coverage by paying for things your medical plans won't pay for such as co-payments, lost earnings and everyday bills, like mortgage or rent payments, groceries and utility bills. AFLAC insurance policies pay cash benefits directly to you.

How much money can I save?

Everyone's tax situation differs, but here are some examples of how employees in different situations can save.

EXAMPLE #1

This employee is single and earns \$45,000 annually and she elected \$1,500 in FSA Medical.



	With FSA	Without FSA
Income	\$45,000	\$45,000
Pre-tax health care expenses	\$1,500	n/a
Pre-tax dependent care expenses	\$0	n/a
Taxable income	\$43,500	\$45,000
Estimated federal income taxes	\$10,875	\$11,250
FICA tax (Social Security & Medicare)	\$3,263	\$3,375
Post-tax health care expenses	n/a	\$1,500
Post-tax dependent care expenses	n/a	\$0
Net Pay	\$29,362	\$28,875

ESTIMATED TAX SAVINGS \$487

EXAMPLE #2

This employee is married and earns \$80,000 annually. He elected \$2,500 in FSA Medical and \$5,000 and DDC.



	With FSA	Without FSA
Income	\$80,000	\$80,000
Pre-tax health care expenses	\$2,500	n/a
Pre-tax dependent care expenses	\$5,000	n/a
Taxable income	\$72,500	\$80,000
Estimated federal income taxes	\$18,125	\$20,000
FICA tax (Social Security & Medicare)	\$5,438	\$6,000
Post-tax health care expenses	n/a	\$2,500
Post-tax dependent care expenses	n/a	\$5,000
Net Pay	\$48,937	\$46,500

ESTIMATED TAX SAVINGS \$2,437

EXAMPLE #3

This employee is married and earns \$60,000 annually and she elected \$2,000 in FSA Medical.



	With FSA	Without FSA
Income	\$60,000	\$60,000
Pre-tax health care expenses	\$2,000	n/a
Pre-tax dependent care expenses	\$0	n/a
Taxable income	\$58,000	\$60,000
Estimated federal income taxes	\$8,700	\$9,000
FICA tax (Social Security & Medicare)	\$4,350	\$4,500
Post-tax health care expenses	n/a	\$2,000
Post-tax dependent care expenses	n/a	\$0
Net Pay	\$44,950	\$44,500

ESTIMATED TAX SAVINGS \$450

When can I enroll?

There are only two situations in which you can enroll in tax-savings programs*:

- ▶ **As a new hire.** As a new hire you are eligible to participate in tax-savings programs on the first day of the month, 30 days after your hire date. For example, if you were hired on June 15th and have worked 20+ hours each week, you are eligible to participate in the programs as of August 1st. If you miss this window, you must wait until the next open enrollment period to sign up.
- ▶ **During open enrollment.** If you are an eligible employee, you will have the opportunity to sign up during ALTRES' annual tax-savings programs open enrollment period. Open enrollment for the upcoming plan year (1/1 through 12/31) is held in October/November.

How to Sign Up

If you are a new hire, simply complete and submit the Tax-Savings Program interest sheet during orientation. If you are unable to do so, please contact the ALTRES Benefits Department.

ALTRES Benefit Services Team

benefits@altres.com
(808) 591-4995

A representative from our team will contact you with more information.

Be sure to act quickly so you don't miss your opportunity to participate!

**except the Pre-Tax Commute Plan, which you may enroll in at any time.*

For more information

Visit our Tax-Savings Programs website at simplicityHR.com/FSA for information, worksheets, forms, and links to valuable resources.

Get the nitty-gritty details about Flexible Spending Accounts (e.g., FSA handbook, Eligible & Ineligible Expenses, No Receipt Retailers for your debit card) on our FSA administrator's website piopac.com/fsa/.