What You Need to Know About:

Flex Plan Accounts

If you have been putting a portion of your paycheck into a Flex Plan account at work, you must spend it in December each year so you don't lose it! Check with your HR department to find out how to check your balance, and for the exact time frame. I believe you must submit receipts – from the current year – by January 30th, of the next year. The last time I participated in a Flex plan, the rule was that anything left in the account would be forfeited if you didn't use it by the deadline. I believe that changed (this year) to where you can roll it over for one more year. However, double check that information with your employer; I could be wrong.

The rest of this document explains what a flex plan is, and generally, how it works. Then you can decide if you would like to sign up for one during your company's open enrollment period, if you haven't already. Oh, and if you missed it this year, you can always sign up next year. Now you know.

Flex Plan Accounts
This is a "medical" savings account you can set up with your employer only. Not all employers offer it, and if yours does, you might or might not want to use it.

Each year during your "open enrollment" for employer sponsored health insurance you have the choice. At this time you can tell your employer to deduct any amount you want from your paycheck and put it into this "flex plan" account. I've put aside as little as $10 a paycheck and as much as $50 a paycheck.

Here are some general guidelines on how flex plans work:

- The amount is deducted before income taxes are calculated. So your taxable income at the end of the year will be lower. This is a huge benefit that I take advantage of every year. Take a look at the table below to see what this could look like in regards to your take-home pay and your taxable income.

	With Flex Plan	No Flex plan
Annual Salary	$30,000	$30,000
$100 per mo. to Flex Plan	$1,200	$0
Taxable income amount	$28,800	$30,000
10% to taxes	$2,880	$3,000
Take home pay	$25,920	$27,000
Spendable income	$27,120	$27,000

When you add the flex plan dollars ($1,200) to your taxable income ($25,920) you find that you have $27,120 spendable income for the year, vs. $27,000. And you owe less in income taxes.

- The money must be spent before the end of the calendar year in which it has been deducted, or you will lose it.
- The money can only be spent on government-approved medical expenses such as medical office co-pays, prescription medications, or medical deductibles. (Your employer must provide you with a list of approved expenses.)
- There is also a flex plan option that can be used for child day-care expenses.

Before you sign up for a flex plan account, think about it and do some math. For example, do you take some medications on a regular basis that cost you $10-$40 per month? Or do you see a chiropractor at the cost of $50 per visit that your insurance doesn't cover? Do you wear glasses and have limited or no insurance to pay for new ones the next year? Are you planning on any surgery or dental work in the next year that might have high deductibles? Do you pay for day-care for your kids?

If you answer "yes" to any of these questions, then see if your employer has a flex plan account and learn all you can about it.

I hope this document provides you with enough information to decide if a flex plan is a good idea for you.

Sincerely,

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