

The State of New Jersey is pleased to announce the continued availability of the Unreimbursed Medical Flexible Spending Account and the Dependent Care Flexible Spending Account, two components of the Tax\$ave program. To be eligible for coverage, you must be a full-time employee of the State of New Jersey, a state college or university, the Palisades Interstate Parkway Commission, the New Jersey Building Authority, the State Library, or the New Jersey Commerce and Economic Growth Commission, and eligible for the State Health Benefits Program.

What is an FSA account?

Flexible Spending Accounts (FSA) are a convenient, before-tax way to pay for eligible out-of-pocket health care expenses, as well as dependent care expenses. Money from each paycheck is deposited into your account(s) before federal income, Social Security and Medicare taxes* are withheld. You are then reimbursed for eligible expenses using before-tax dollars from your account(s). Of course, participation in the plans is totally voluntary.

Effective Date

Employees currently eligible for these programs must enroll during the Open Enrollment period. New employees can join the plans once they become eligible. If you are a new hire, the waiting period for the Dependent Care

* Unreimbursed medical accounts are also exempt from state tax for Pennsylvania residents.

FSA is 30 days, and the waiting period for the Unreimbursed Medical FSA is 60 days.

Unreimbursed Medical FSA

The Unreimbursed Medical Flexible Spending Account is an opportunity for you to pay for out-of-pocket health care (medical, dental and vision) expenses incurred by you and your family members with before-tax dollars. These expenses include copayments and deductibles for qualified medical, prescription, dental and vision expenses. You can contribute up to \$2,000 each calendar year in the Unreimbursed Medical FSA. The minimum amount you can contribute each calendar year is \$100.

Dependent Care FSA

You can use the Dependent Care Flexible Spending Account to pay yourself back with before-tax dollars for day care expenses incurred for your children under age 13, or for any other person considered your dependent for tax purposes who is physically or mentally incapable of self-care, regardless of age. You can contribute up to \$5,000 per household (\$2,500 for a married person filing separately). If you are married, your spouse must work, be a full-time student or be disabled in order for you to participate. The minimum amount you can contribute each calendar year is \$250.

What's Eligible?

Unreimbursed Medical FSA

- Deductibles/coinsurance/copayments
- Over-the-counter medications*
- Vision care (eye exams, prescription glasses, contact lenses and solution)
- LASIK eye surgery
- Routine exams (Ob/Gyn, well visits, etc.)
- Prescription drugs (does not include cosmetic prescriptions)
- Durable Medical Equipment (DME)
- Travel costs related to medical care
- Dental - examinations and cleanings fillings, crowns and bridges orthodontics dentures (including replacements) implants, inlays and X-rays periodontics

Dependent Care FSA

- Payments made for dependent care services provided in your home
- Day care center
- Nursery school/preschool
- Before-or after-school care
- Summer day camp facility
- Adult day care

* Visit our Web site for examples of qualified expenses.

Please note: You now have until March 15 of the following year to incur eligible expenses for the current Plan Year. While this does not eliminate the use-it-or-lose-it rule completely, you now have a great advantage to avoid forfeiting unused funds. If you have a balance remaining in your Unreimbursed Medical Account as of December 31, you can use those funds for eligible expenses incurred from January 1 through March 15 of the following year. For example, if there are leftover 2005 funds, those dollars will be used first for any expenses, then 2006 funds will be used once the 2005 dollars are exhausted.

A convenient way to access FSA contributions ...

The Benny™ MasterCard®

The Benny™ MasterCard® is a special card that draws on the value of your annual health care FSA election amount. It gives you an easy, automatic way to pay for qualified health care expenses not covered by your health insurance. When you have such an expense at a health-related business (pharmacy and doctor's office) that accepts MasterCard®, simply use your Benny™ Card. The amount of your qualified purchases will be deducted – automatically – from your health care FSA and the pre-tax dollars are electronically transferred to the provider for immediate payment.

There is no separate application for the Benny™ Card. You will automatically receive the card when you enroll in the Unreimbursed Medical Savings Account. The Benny MasterCard is good for five years and should not be thrown away at the end of the plan year.

How do I enroll?

You may request a Flexible Spending Account enrollment kit from your benefits administrator. However, we encourage you to visit Horizon Healthcare's Internet site for Tax\$ave enrollment information, forms and interactive tools. This site can be reached through a link from the Division of Pensions and Benefits home page at www.state.nj.us/treasury/pensions.

The Flexible Spending Account Plan

Reimbursed

Save

Increase your net take-home pay.

is an innovative way for you to save tax dollars while receiving the best in fringe benefit plans.

By participating in the State of New Jersey's Flexible Spending Account Plan, you can be ...

for eligible medical and dental expenses as well as adult and child dependent care with BEFORE-TAX dollars, and ...

substantial tax dollars.

To request a Flexible Spending Account enrollment kit, contact your benefits administrator. You can reach Horizon Healthcare's State Web site through a link from the Division of Pensions and Benefits home page at <www.state.nj.us/treasury/pensions>.

If you have questions about the programs, please call the Flexible Spending Account Hotline at **1-800-224-4426** to speak to an account representative during business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m.



Department of the Treasury
Division of Pensions and Benefits

Horizon
Healthcare

Making Healthcare Work.

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Horizon
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Tax\$ave ... Savings You Can Bank On



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Division of Pensions and Benefits