

FLEXIBLE SPENDING ACCOUNTS

MEDICAL REIMBURSEMENT

A reimbursement account is established with funds deducted from the employee's monthly paycheck. Medical costs not covered by insurance (eyeglasses, dental work, doctor visit co-pays, prescription co-pays, chiropractic treatment, etc.) are paid for; the employee then submits his receipts with a voucher and is then sent funds from the reimbursement account thus circumventing taxes on all those expense. The employee must estimate the expenses he/she expects to incur over the twelve-month period, and divide this amount by twelve months to determine the amount to be deducted from his paycheck. This benefit is a 'USE IT OR LOSE IT' benefit; any monies left in the account at the end of the year are retained by the district and are not refunded to the employees. An employee should consider this benefit carefully. You have 90 days after the plan year for reimbursement of expenses incurred during the twelve-month period. See attached for further information.

NOTE: FIRST FINANCIAL HAS THE ABILITY TO WIRE TRANSFER THIS MONEY DIRECTLY INTO YOUR BANK ACCOUNT OR YOU MAY UTILIZE THE METAVANTE DEBIT CARD.

DEPENDENT CARE REIMBURSEMENT

This benefit is available to any employee who wishes to save tax dollars on the cost of childcare. The employee estimates the cost of child care he/she expects to incur over the twelve month period, and divides this amount by twelve months to determine the amount to be deducted each month. The dependent care is paid for and the employee turns in a receipt with a voucher. In turn, the employee is sent funds from the reimbursement account thus circumventing taxes on expenses. This benefit is a 'USE IT OR LOSE IT' benefit; any monies left in the account at the end of the year are retained by the district and are not refundable to the employee. An employee should consider this benefit carefully. You have 90 days after the plan year for reimbursement of expenses incurred during the twelve-month period.

MEDICAL REIMBURSEMENT UNDER THE CAFETERIA PLAN

The Medical Reimbursement Benefit underneath the Cafeteria Plan tax shelter permits the employee to pay for out-of-pocket medical expenses for his family with before tax dollars. It is a benefit where the employee chooses the monthly amount based upon his estimate of projected out-of-pocket expenses. That amount selected is then sent to a special medical reimbursement account set up in that employee's name.

When medical costs are incurred, the employee turns in receipts showing the amount paid for those costs and completes a Reimbursement voucher. The employee will then send the Voucher and receipt to First Financial Administrators.

DEPENDENT CARE UNDER THE CAFETERIA PLAN

The Dependent Care Benefit underneath the Cafeteria Plan tax shelter allows families to pay for their dependent care expenses with before tax dollars. It is a benefit where the employee chooses the monthly amount to be taken from his paycheck through payroll deduction. That amount which he chooses is then sent to a special dependent care account set up in that employee's name.

When dependent care costs are incurred, the employee turns in a receipt showing the amount paid for that care and completes a Reimbursement Voucher. The employee will send the voucher and receipt to First Financial Administrators. First Financial will, in turn, send the funds in the employee account back to the employee at his/her address. First Financial can only return funds equal to the account balance, which may be less than your actual costs each month.

SERIOUS CONSIDERATIONS

1. The employee is locked into the payroll deduction for the length of the Plan Year.
2. If any funds have not been used (reimbursed) by the employee at the end of the Plan Document Year, those unused funds can not be returned to the employee. Therefore, one must be certain to never have an amount withheld from one's paycheck which will exceed the actual amount paid for out-of-pocket medical expenses or dependent child care.

ELIGIBLE MEDICAL EXPENSES FOR SECTION 125 CAFETERIA PLAN
MEDICAL REIMBURSEMENT

ACUPUNCTURE

ALCOHOLISM (includes expenses paid to a treatment center for alcohol or drug addictions.)

AMBULANCE SERVICE

ARTIFICIAL LIMBS

ARTIFICIAL TEETH

BIRTH CONTROL PILLS (Prescribed by your doctor)

BRAILLE BOOKS AND MAGAZINES (Amount that is more than the price for regular books and magazines.)

CAPITAL EXPENSES (Includes amounts paid for special equipment installed in your home or for improvements, if their purpose is medical care.)

CHIROPRACTORS (Medical care only.)

CONTACT LENSES

COSMETIC SURGERY (Includes amounts paid for cosmetic surgery if it is necessary to improve a deformity arising from, or directly related to a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.)

DENTAL TREATMENT (Includes fees paid to dentist for X-rays, fillings, braces, extraction's, dentures, etc...)

EYEGASSES (Includes fee paid for eye examinations and amounts paid for glasses.)

GUIDE DOG OR OTHER ANIMAL (Includes the cost of the animal as well as the cost of care for the animal.)

HEARING AIDS (Includes the cost of a hearing aid and the batteries you buy to operate it.)

HOSPITAL SERVICES

LABORATORY FEES (Medical care only.)

LEAD-BASED PAINT REMOVAL (Includes the cost of removing lead-based paints from surfaces in your home. These surfaces must be in poor repair (peeling or cracked) or within your child's reach. The cost of replacing the scraped area is not a medical expense.)

LEARNING DISABILITY (Includes tuition fees paid to a special school for a child who has severe learning disabilities caused by mental or physical impairments. Your doctor must recommend that the child attend the school.)

LODGING (Certain conditions apply; please contact FF for additional information.)

MEDICAL INFORMATION PLAN (Includes amounts paid to a plan that keeps your medical information so that it can be retrieved from a computer data bank for your medical care.)

MEDICINES (Includes amounts paid for medicines and drugs prescribed by a doctor. Can also include cost of insulin.)

MENTALLY RETARDED, SPECIAL HOME (Includes the cost of keeping a mentally retarded person in a special home, not the home of a relative, on the recommendation of a psychiatrist.)

NURING HOME (Includes the cost of medical care in a nursing home or home for the aged for yourself, your spouse, or your dependents. This includes the cost of meals and lodging in the home if the main reason for being there is to get medical care.)

OPERATIONS (Legal operations.)

OPTOMETRIST

OXYGEN (Includes amounts paid for oxygen or oxygen equipment to relieve breathing problems caused by a medical condition.)

PERSONAL USE ITEMS (Certain conditions apply: please contact FF for additional information.)

PSYCHIATRIC CARE

PSYCHOANALYSIS

PSYCHOLOGIST (Medical care only.)

SPECIAL SCHOOLS (Includes payments to a special school for a mentally impaired or physically disabled person, if the main reason for using the school is its resources for relieving the disability. Other conditions apply, please contact FF for additional information.)

STERILIZATION (Includes the cost of a legal sterilization.)

TELEPHONE (Includes the cost and repair of special telephone equipment that lets a deaf person communicate over a regular telephone.)

THERAPY (Medical treatment only.)

TELEVISION (Includes the cost of equipment that displays the audio part of television programs as subtitles for the deaf.)

TRANSPLANTS (Includes payments for surgical, hospital, laboratory, and transportation expenses for a donor or a possible donor of an organ.)

TRANSPORTATION (Certain conditions apply: please contact FF for additional information.)

WHEELCHAIR (Includes amounts paid for an autoette or a wheelchair and the cost of operating and keeping up the equipment which is used mainly for the relief of sickness or disability.)

INELIGIBLE EXPENSES

COSMETIC SURGERY - which simply improves the patient's appearance, such as face lifts, hair transplants, hair removal (electrolysis) and liposuction are not eligible.

EXPENSES REIMBURSEMENT - under say health plan or other source.

HEALTH CLUB DUES

HEALTHY BABY - nursing services for a healthy baby.

LESSONS- such as dancing or swimming lessons, even if they are recommended by your doctor for the improvement of your general health.

SMOKING PROGRAM - is not eligible even if your doctor suggests the program for the improvement of your general health.

TRIPS - taken for a change in environment, improvement of morale, or general improvement of health, even if you make the trip on the advise of your doctor.

WEIGHT LOSS - for your general health, even if prescribed by your doctor.

QUALIFYING DEPENDENT CARE EXPENSES

In order to comply with IRS regulations, the following conditions must be met in order for expenses to be eligible for reimbursement:

1. Expenses for services must be incurred during the plan year to which it applies. Payment receipts must show the periods for child care service.

FOR EXAMPLE: If the plan year for your plan is February 1, 1993 - January 31, 1994, the only expenses incurred after February 1, 1993 and prior to January 31, 1994 are eligible.

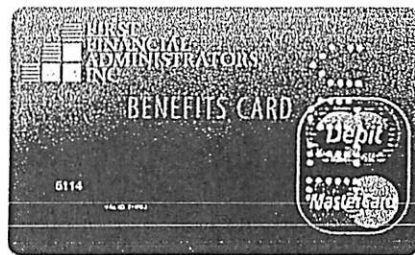
2. Each individual for whom you incur the expenses is:
 - (a) a dependent under the age of 13 whom you are entitled to claim as a dependent on your federal income tax return, or
 - (b) a spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself.
3. The expenses are incurred for the care of a dependent as defined above, or for related household services, and are incurred to enable you to be gainfully employed.
4. If the expenses are incurred for services provided by a child care center (a facility that provides care for more than six individuals not residing at the facility), the center must comply with all state & local laws and regulations.
5. The expenses are not paid or payable to a child of yours who is under the age of 19 at the end of the year in which the expenses are incurred.
6. The expenses are not paid or payable to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.
7. The reimbursement (when added to all other reimbursements received by you under the plan during the same year) may not exceed the least of the following limits:
 - (a) The maximum amount allowed under your plan (Item E,2(a) of the Adoption Agreement.
 - (b) \$5,000 if you are married and filing a joint tax return: \$2,500 if separate returns filed.
 - (c) Your taxable compensation (after all salary redirection elections);
 - (d) If married, your spouse's actual or deemed earned income.

The Metavante Debit Card is now available for Medical Reimbursement Flexible Spending Accounts. Cards can also be issued to dependents for no additional fee. If the card is lost or stolen, replacement cost is \$10.00 and will be deducted from account balance. Claims can also be submitted directly for reimbursement. *If funds remain in your account after the end of the plan year, you may also use the debit card during the 2½ month grace period. The system will deduct all remaining funds from your old plan year and then deduct any balance from the new plan year, if you continue to participate.*

The IRS requires validation of **most** transactions – you must submit receipts for verification of expenses, when requested. Claim forms can be found on our website, www.ffga.com. Copies can either be mailed to First Financial Administrators, Inc. (P.O. Box 670329 Houston, TX 77267-0329) or faxed to (800) 298-7785. **Because of innovative coding of eligible medical items, receipts from Walgreens, WalMart Target, and Drugstore.com - for example - do not need to be submitted; however, you must pay for non-eligible items separately.**

Where to use your debit card for eligible unreimbursed medical expenses:

- Pharmacies, always use your debit card at the pharmacy counter only!
- In-Store Pharmacies – If “merchant code” is programmed “pharmacy,” the expense will be authorized. However, if the MasterCard transaction code is programmed “grocery/retail,” THE TRANSACTION MAY BE DENIED! THE DEBIT CARD MAY NOT WORK AND THE EXPENSE MAY BE DECLINED IN SOME GROCERY/DISCOUNT STORES
- Physician Offices
- Specialist Physician Offices
- Dental Offices



- Vision Care Providers
- Medical Facilities
- Medical Clinics
- Hospitals, including Emergency Rooms

First Financial Administrators, Inc. can provide you with a list of eligible expenses associated with your Medical Reimbursement Flexible Spending Account. **This card is a signature debit card and does not require a PIN for use. Transactions must always be submitted as “credit.”**

Participants may always review Flexible Spending Account balances online at www.ffga.com. Call (866) 853-FLEX for more information.



**DEBIT CARD AGREEMENT
◀ MEDICAL REIMBURSEMENT ACCOUNTS ONLY ▶**

I ACCEPT RESPONSIBILITY FOR THE FOLLOWING:

- ALL CARD TRANSACTIONS WILL BE SOLELY FOR QUALIFIED EXPENDITURES INCURRED (NOT BILLED OR PAID) DURING THE PLAN YEAR;
- TO THE EXTENT THAT I MISREPRESENT ANY CARD TRANSACTION AS A QUALIFIED EXPENDITURE WHEN IT IS A NON-QUALIFIED EXPENDITURE, I HOLD YOU HARMLESS FOR WHATEVER PENALTIES AND CONSEQUENCES THAT MAY OCCUR AS A RESULT OF MY ACTIONS;
- IF I MISREPRESENT ANY CARD TRANSACTION ON A NON-QUALIFIED EXPENDITURE, I MUST IMMEDIATELY REPAY ALL EXPENSES TO THE ACCOUNT UPON NOTIFICATION; IF NOT REPAID, I UNDERSTAND THE AMOUNT WILL BE CONSIDERED TAXABLE INCOME.
- I AGREE TO SUBMIT EXPENSE RECEIPTS TO THE THIRD PARTY ADMINISTRATOR FOR ALL PURCHASES, WHEN REQUESTED;
- EACH TIME I PRESENT THE CARD FOR PAYMENT, I WILL SIGN A RECEIPT EVIDENCING THAT THE EXPENSE HAS BEEN INCURRED AND REAFFIRMING MY REPRESENTATION THAT IT IS A QUALIFIED EXPENDITURE THAT HAS NOT BEEN AND WILL NOT BE REIMBURSED FROM ANY OTHER SOURCE.

PLEASE PRINT

SCHOOL DISTRICT _____

NAME _____

SOCIAL SECURITY NUMBER _____

MAILING ADDRESS _____

DAYTIME TELEPHONE NUMBER _____

E-MAIL ADDRESS _____

SIGNATURE _____ **DATE** _____

******* DEPENDENT CARDS – ISSUED TO DEPENDENTS AGES 18 THROUGH 24 *******

NAME	RELATIONSHIP	DATE OF BIRTH
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**PLEASE MAIL COMPLETED FORM TO:
FIRST FINANCIAL ADMINISTRATORS, INC.
PO BOX 670329
HOUSTON TX 77267-0329**