

**CITY OF MEDFORD EMPLOYEES
INCREASE YOUR PAY!!**

*Flexible Spending Account Open Enrollment
Plan Year: 1/1/10-12/31/10*

Deadline to join: November 20, 2009

Most employees pay for expenses such as dependent care expenses, out-of-pocket medical/dental expenses, prescription drug co-payments etc, on an after tax-basis. The Flexible Spending Account allows you to set aside a portion of your paycheck pre-tax to pay for those expenses. The result is a reduction in Federal, State and Social Security taxes, which will give you an increase in your take home pay. **Don't miss out on this opportunity to save between 28-34% in taxes.**

MEDICAL FLEXIBLE SPENDING ACCOUNT (FSA)

The Medical FSA allows you to set aside up to \$5,000 pre-tax from your paycheck to pay for expenses not covered by insurance. Some examples of these out-of-pocket expenses are:

Dental:	Orthodontia, Crowns & Fillings
Co-Pays:	Doctor Visits, RX's & Deductibles
Vision Care:	Contact Lenses, Eye Glasses, Laser/Lasik Eye Surgery
Over-the-Counter-Meds:	Claritin, Sudafed, Tylenol

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT (FSA)

The Dependent Care FSA is a great tax savings for people who have children in daycare or parents who require elder care. The IRS allows you to set aside up to \$5,000 pre-tax from your paycheck to pay for these expenses. In most instances participation in the Dependent Care FSA results in a greater tax savings than the Dependent Care Tax Credit (we recommend that you speak with your tax advisor to determine which would provide the greatest tax benefit for you). Some examples of eligible Dependent Care expenses are:

Daycare	Before School Care
Pre-School	After School Care
	Summer Day Camp

Employees currently participating in the Flexible Spending Account(s)**

A renewal form will be mailed directly to your home. Please complete and return the form to CPA, Inc. **no later** than November 20th.

New Enrollees:

1. Call Cafeteria Plan Advisors, Inc. with any questions at 781-848-9848.
2. Download an Authorization Form from our website at www.cpa125.com or download the enrollment form contained in this e-mail. If enrolling into Dependent Care, also complete the Dependent Care Certification Form (contained in this e-mail or download from our website).
3. Return the Authorization Form to CPA, Inc. on or before November 20, 2009.

****see backside of memo for additional information***

Plan Year

The plan year for the City of Medford Flexible Spending Account is January 1, 2010- December 31, 2010. Enrollment occurs each plan year and is not automatic. Expenses must be incurred within the plan year in order to be eligible for reimbursement.

Plan Limits

The Federal Government limits employee contributions to a Dependent Care Account to \$5, 000 per family per calendar year. The limit for Medical is set by the Employer and is \$5,000. Interested employees should elect one or both accounts.

Use-It-Or-Lose-It Provision

Be conservative! It is important to calculate what expenses will be incurred as precisely as possible – the IRS does not allow unused funds to be returned. Note, the amount you set aside is restricted to change during the plan year unless you have a qualifying event such as birth of a child, death, marriage, divorce or change in employment.

Reimbursements

Claim reimbursements are made by direct deposit or paper check. Direct Deposit is run weekly and paper checks are cut twice per month.

Medical Account Reimbursements:

Participants submit claim vouchers with receipts or bills attached and will be reimbursed the amount of the claim regardless of the current contribution balance (up to the annual election). Proper receipts should include, date of expense, nature of expense, cost of expense, and the name of the person who incurred the expense.

Dependent Care Reimbursements:

Participants complete a form (Dependent Care Certification Form) qualifying them for this benefit and are automatically reimbursed back their contributions. Reimbursements can not exceed what has been deducted.

Don't miss out on your chance to save money!

Deadline to Enroll: November 20, 2009

www.cpa125.com