

American Fidelity Assurance

Benefits Overview

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An Easy Way to Pay for Expenses

A Section 125 Plan provides a tax-saving way to pay for eligible medical or dependent care expenses. The funds are automatically deducted from your paycheck before income tax is applied. Simply choose the amount to be deducted, and the funds are set aside to be used for eligible expenses throughout the year.

Here's How It Works

A Section 125 Plan reduces your tax and increases your spendable income by allowing you to deduct the cost of eligible benefits from your earnings before tax. Plus, the plan is available to you at no cost, and you're already eligible. All you have to do is enroll.

Is It Right for Me?

The savings you may experience with a Section 125 Plan are outlined below. By utilizing the Section 125 Plan, Jane would have \$70 more every month to apply toward her insurance benefits or other needs. That's a savings of \$840 a year.

Ready to Enroll?

To enroll in the Section 125 Plan, just complete an election form. You'll receive plenty of advance notice when it's time to enroll. And, in most cases, you must re-enroll each year to keep participating in the plan.

How to Make Election Changes

You're able to change your election each year during your annual benefits enrollment, but the only time Internal Revenue Code regulations allow you to make a change during the plan year itself is if you experience a qualified event. Some examples include:

- Change in legal married status
- Change in number of dependents
- Termination or commencement of employment
- Dependent satisfies or ceases to satisfy dependent eligibility requirements
- Change in residence or worksite that affects eligibility for coverage

These examples may not be all-inclusive. Please contact your employer for guidance with your specific situation.

Employee Name: Smith, Jane
SSN: 123-45-XXXX Payment Date: 1/1/17
Employee Number: 0515 Period Begin Date: 1/30/17

Earnings & Hours

	Without S125	With S125
Monthly Salary	\$2,000	\$2,000
Medical Expenses	N/A	-\$250
Taxable Gross	\$2,000	\$1,750
Taxes (Federal & State @ 20%)	-\$400	-\$350
Less Estimated FICA (7.65%)	-\$153	-\$133
Medical Deductions	-\$250	N/A
Take Home Pay	\$1,197	\$1,267

That's a
difference
of \$70!

Where allowable by law. If you are subject to FICA taxes, there might be a reduction in your social security benefit due to the reduction of FICA contributions. Example is hypothetical for illustrative purposes only. Please consult your tax advisor for actual tax savings.

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Help Save for Medical Expenses



Are you looking for a way to reduce your taxable income and help pay for medical and dependent care expenses? Reimbursement accounts can do just that.

With these accounts, you'll enjoy a money-saving way to pay for eligible medical or dependent care expenses with pre-tax dollars from your paycheck.

Just choose the amount to be deducted, and the funds are set aside to be used for expenses throughout the year. It's that easy.

Here's How They Work

A **Dependent Day Care Flexible Spending Account (Dependent Day Care FSA)** allows you to set aside pre-tax dollars to reimburse yourself for eligible dependent care expenses. Because your money goes into the account before income tax is withheld, you pay less in tax and have more disposable income. You may allocate up to \$5,000 per tax year for reimbursement of eligible dependent care services (or \$2,500 if you are married and file a separate tax return).

A **Health Flexible Spending Account (Health FSA)** can save you money by allowing you to set aside part of your pay, on a pre-tax basis, to reimburse yourself for eligible medical expenses such as copayments, deductibles, prescriptions, and more. The maximum amount allowed to contribute into this account is \$2,600 per calendar year. (Please see your employer for the maximum amount allowed by your plan.)

Fast, Easy Reimbursements

If you're interested in either of these accounts, we're happy to set up your account for direct deposit. You can either have your reimbursements deposited straight into your bank account or receive a check by mail – it's entirely up to you.

If you don't file sufficient claims for reimbursement, you could lose the unused amount remaining in your account at the end of the plan year. This is often referred to as the "use-or-lose" rule.

Your employer may offer a carryover of up to \$500 each plan year or a grace period, which is a period of time after the plan year ends where you may incur expenses and be reimbursed from the remaining balance in your previous year's account.

Examples of Eligible Expenses

Acupuncture	In vitro fertilization	Physical therapy provided by licensed therapist
Alcohol/drug rehab	Laser eye surgery	Practical nurse
Anesthetist	Midwife	Psychiatrist
Artificial limbs/teeth	Optometrist	Psychologist
Chiropractor	Orthodontia*	Stop-smoking program
Dental care	Out-patient care	Transportation expenses relative to medical care based on IRS standard mileage allowance
Eye exam/eyeglasses/contact lenses	OTC drugs and medicines for treatment of a medical condition**	Weight loss program for obesity***
Hearing aids/batteries	Pediatrician	
Insulin		

Examples of Ineligible Expenses

Capital expenditures
Cosmetic procedures
Exercise equipment
Insurance premiums
Mattresses/pillows
Personal use items
Teeth whitening

**Service must have been incurred or already paid.*

***Will require a medical practitioner's prescription.*

****May need doctor's statement for medical necessity.*



SB-30432-0716

Disability Income Insurance

If you were suddenly faced without a paycheck, would you be fully prepared? Could you afford your expenses while maintaining your current lifestyle?

One of the most important assets a person possesses is the ability to earn an income. Disability Income Insurance from American Fidelity is a cost-effective solution designed to help protect you if you become disabled and cannot work due to a covered injury or sickness.

These products may contain limitations, exclusions, and waiting periods. Applicant's eligibility for this program may be subject to insurability.



SB-30430-0716

Cancer Insurance

If you were faced with a cancer diagnosis, will your major medical insurance be enough? Even with a good plan, the out-of-pocket costs of treatment, such as travel, child care, and loss of income, can be expensive.

American Fidelity's **Limited Benefit Cancer Insurance** may help. Benefit payments are made directly to you, allowing you to pay for expenses like copayments, hospital stays, and house and car payments.

Not all riders may be available in every state. Limitations, exclusions, and waiting periods may apply. This product is inappropriate for people who are eligible for Medicaid coverage.



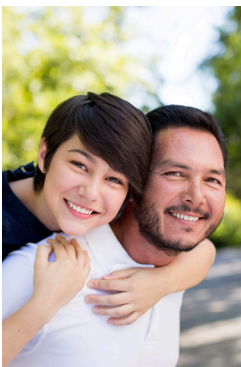
SB-30426-0716

Accident Only Insurance

Accidents are inevitable. Even though you can't always prepare for unforeseen events, you can plan ahead. A **Limited Benefit Accident Only Insurance** plan may help ease the impact on your finances.

American Fidelity's Accident Only Insurance is designed to help cover some of the expenses that can result from a covered accident, and benefit payments are made directly to you.

Limitations, exclusions, and waiting periods may apply. Not all products and benefits may be available in all states. This product is inappropriate for people who are eligible for Medicaid coverage.



SB-30505-0716

Life Insurance

Ensuring your family is financially covered in the event of a loss is an important way of showing them you care about their needs. Life Insurance can help.

Portable, Individual Life Insurance policies may help your family in the event of your death. The application process is simple. You only have to answer three health questions, and there are no medical exams required. Term Life Insurance provides short-term coverage at a competitive price, while Whole Life Insurance provides lifelong protection.

Issuance of the policy may depend upon the answers to the health questions. Please consult your tax advisor for your specific situation. Limitations, exclusions, and waiting periods may apply. Not generally qualified benefits under Section 125 Plans.