

Flexible Spending Account & Section 125

FLEXIBLE SPENDING ACCOUNT

LMU offers its employees the option to defer money on a pre-tax basis for use on approved medical expenses up to \$2,850 per year.

For the medical FSA, the total amount set aside for the plan year is eligible for withdrawal from the account on day one of your first payroll deduction towards the account. All funds set aside for this account must be used towards your eligible medical expenses. The maximum annual medical FSA annual contribution amount is \$2,850 of which a maximum of \$500 can rollover to the next plan year. Most over-the-counter (OTC) drugs are not eligible for reimbursement without a doctor's prescription.

Contact customer service or the Office of Human Resources for a list of eligible medical and dependent care expenses.

[www. HealthEquity.com](http://www.HealthEquity.com)

(866) 346-5800

SECTION 125 PREMIUM CONVERSION

Many of your benefits (medical, dental, vision, FSA, 403(b)), are deducted from your gross income, pre-tax. This Premium Conversion Plan is an added benefit to you in and of itself. Your taxable income is reduced by your pre-tax deductions, which decreases the amount of taxes taken from your paycheck each month and results in an increase in your take-home pay versus what you would take home if those same benefits were deducted on an after-tax basis. This example shows the difference between pre-tax and post-tax deductions. Using this example, the annual increase in take-home pay due to the pre-tax option is \$1,696.44.

BASED ON \$30,000 ANNUAL SALARY	WITHOUT PREMIUM CONVERSION	WITH PREMIUM CONVERSION
Monthly Salary	\$2,500	\$2,500
Pre-Tax Family Medical Deduction	n/a	\$363.00
Pre-Tax Family Dental Deduction (Core)	n/a	\$80.67
Pre-Tax Family Vision Deduction	n/a	\$21.80
Pre-Tax FSA Deduction	n/a	\$100.00
Taxable Income	\$2,500	\$1,934.53
Estimated Tax (25%)	\$625.00	\$483.63
After-Tax Family Medical Deduction	\$363.00	n/a
After-Tax Family Dental Deduction (Core)	\$80.67	n/a
After-Tax Family Vision Deduction	\$21.80	n/a
After-Tax FSA Deduction	\$100.00	n/a
Net Take Home Pay	\$1,309.53	\$1,450.90