

WHAT ARE FLEXIBLE BENEFIT PLANS?

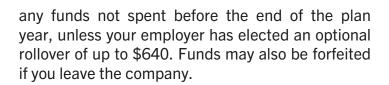


Sterling Administration offers a great way to realize substantial tax savings with Flexible Benefit Plans. Through payroll redirection, employees may elect to pay for certain qualified expenses, and funds contributed are not included in gross income.

LIMITED PURPOSE

While you cannot have HSA with a general-purpose Healthcare FSA, you can pair an HSA with a Limited Purpose FSA. This account allows you to pay for eligible out-of-pocket dental and vision. All expenses must be qualified expenses as defined by Section 213(d) of the IRS Code.

The IRS annual contribution maximum for 2024 is \$3,200. All expenses must be incurred during the plan year and the "use it or lose it" rule applies to



WHAT ARE THE ADVANTAGES?

Employees can reduce taxable income and use the savings to pay for qualified expenses. Tax savings include federal income tax, and in most jurisdictions, state and local income taxes. In addition, employees do not pay Social Security and Medicare tax on the amount excluded from income.

ANNUAL TAX SAVINGS EXAMPLE	WITHOUT FSA	WITH FSA
IF YOUR TAXABLE INCOME IS:	\$50,000	\$50,000
AND YOU DEPOSIT THIS AMOUNT INTO AN FSA:	\$0	\$2,000
YOUR TAXABLE INCOME IS NOW:	\$50,000	\$48,000
SUBTRACT FEDERAL AND SOCIAL SECURITY TAXES:	\$14,383	\$13,807
IF YOU SPEND AFTER-TAX DOLLARS FOR EXPENSES:	\$2,000	\$0
YOUR REAL SPENDABLE INCOME IS:	\$33,617	\$34,193
YOUR TAX SAVINGS:	\$0	\$576