

Security Flex 125 Program[®]

CAN YOU USE MORE SPENDABLE INCOME?

Why Pay Taxes That You Don't Have to Pay

The *Security Flex 125 Program* offered through your employer allows you to pay less in taxes and take home more of your hard earned income. Here's how it works.

Section 125 of the Internal Revenue Code allows employers to set up Flexible Spending Accounts for medical and child care expenses as part of their cafeteria plans. As an employee, you can set aside part of your income on a pre-tax basis for medical and/or child care expenses that you will incur over the course of the year.

Then, after you pay for child care or eligible medical expenses, you simply submit the bill or receipt with the proper form and you will be reimbursed for your expenses from the Flexible Spending Account.

Here's how the *Security Flex 125 Program* can help increase your spendable income:

Employee Savings With Medical Care Services

	Without 125 Plan	With 125 Plan
Gross Pay	\$36,000.00	\$36,000.00
Medical and Dental Plan Premiums	0.00	700.00
Non-reimbursed Medical Expenses	0.00	600.00
Total Taxable Income (for Federal Purposes)	\$36,000.00	\$34,700.00
Deductions From Pay*		
Federal Withholding	\$ 5,400.00	\$ 5,205.00
State Withholding	1,008.00	1,008.00
FICA and Medicare Tax	2,754.00	2,654.55
Medical and Dental Plan Premiums	700.00	0.00
Total Income Deductions	\$ 9,862.00	\$ 8,867.55
Take Home Pay		
Total Taxable Income	\$36,000.00	\$34,700.00
Non-reimbursed Medical Expenses	600.00	0.00
Income Deductions	9,862.00	8,831.15
After-Tax Take Home Compensation	\$25,538.00	\$25,832.45

*Federal, State and FICA tax vary from state to state.

By using the Flexible Spending Account for medical expenses, you could have an increase in your spendable income of almost **\$25** per month. That's an annual increase of almost **\$300**.

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Employee Savings With Dependent Care Services

	Without 125 Plan	With 125 Plan
Gross Pay	\$36,000.00	\$36,000.00
Non-reimbursed Dependent Care Expenses	0.00	4,800.00
Total Taxable Income (for Federal Purposes)	\$36,000.00	\$31,200.00
Tax Deductions From Pay*		
Federal Withholding	\$ 5,400.00	\$ 4,680.00
State Withholding	1,008.00	1,008.00
FICA and Medicare Tax	2,754.00	2,386.80
Medical and Dental Plan Premiums	0.00	0.00
Total Income Deductions	\$ 9,162.00	\$ 8,074.80
Take Home Pay		
Total Taxable Income	\$36,000.00	\$31,200.00
Non-reimbursed Medical Expenses	4,800.00	0.00
Income Deductions	9,162.00	7,940.40
After-Tax Take Home Compensation	\$22,038.00	\$23,125.20

*Federal, State and FICA tax vary from state to state.

By using the Flexible Spending Account for child care expenses, you could have an increase of over \$90 per month in your spendable income. That's an annual increase of almost \$1,100.

While most medical and child care expenses are eligible for reimbursement, some restrictions do apply. Read the *Security Flex 125* booklet carefully before enrolling in the plan.

You must be enrolled by your employer's deadline to participate in the program, so contact your employee benefits personnel today to learn more about how you can benefit from the *Security Flex 125 Program!*



SECURITY BENEFIT™

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