

The Flexible Spending Account Cafeteria Plan

Is Right For You?

Whether you're a single person, single parent, part of a dual-income household, or a family person with a non-working spouse, THE FLEXIBLE SPENDING ACCOUNT will provide you with additional benefits, more take home pay, and even allow you to establish an additional retirement plan with your tax-free dollars. Please check with your tax professional for specific details.

Single Parents

In the illustration below, the single parent earns \$19,200 and has two children. She uses THE FLEXIBLE SPENDING ACCOUNT to pay the premium for dependent medical coverage and to pay for the cost of medical deductibles and dental care this year. In addition, she has opted to pay her child care expenses out of her pre-tax dollars. In this way, she increases her take home pay by \$109 each month ... or \$1,308 this year. That's an additional 15% take home pay

Working Couples

This man and wife both work. They have two children. The husband makes \$27,500 and his wife earns \$14,500 per year. They use THE FLEXIBLE SPENDING ACCOUNT to help pay the premium for dependent medical coverage and pay for the orthodontist bills for the children. With both of them working, they also utilize the plan to pay for necessary childcare expenses. The chart shows that this couple increases their monthly take-home by \$220 ... or \$2,640 this year. That gives them additional money for the emergency expenses every family has ... and allows them to set some money aside to fund an additional retirement plan!

Family Person with Non-Working Spouse

With grown children, and only one spouse working, this couple has no childcare expenses. The annual salary of the working spouse is \$48,000. They use THE FLEXIBLE SPENDING ACCOUNT to pay the premium for dependent medical coverage, meet their medical deductibles, and pay dental expenses. THE FLEXIBLE SPENDING ACCOUNT gives this couple an additional \$134 monthly take-home, or \$1,608 this year ... a nice raise for the family budget!

	The Single Parent		Working Couples		Family Person	
	Without THE FLEXIBLE SPENDING ACCOUNT	With THE FLEXIBLE SPENDING ACCOUNT	Without THE FLEXIBLE SPENDING ACCOUNT	With THE FLEXIBLE SPENDING ACCOUNT	Without THE FLEXIBLE SPENDING ACCOUNT	With THE FLEXIBLE SPENDING ACCOUNT
Total Monthly Pay	\$1,600	\$1,600	\$3,500	\$3,500	\$4,000	\$4,000
Less Non-Taxable Benefits						
Insurance Premiums	0	\$187	0	\$291	0	\$379
Medical/Dental Expenses	0	\$60	0	\$100	0	\$75
Childcare Expenses	0	\$175	0	\$350	0	0
Total Pay Subject To Tax	\$1,600		\$3,500	\$2,759	\$4,000	\$3,546
Less Deductions						
Federal & State Taxes*	\$192	\$115	\$487	\$324	\$667	\$568
Social Security Tax	\$122	\$90	\$268	\$211	\$306	\$271
After Tax Income	\$1,286	\$973	\$2,745	\$2,224	\$3,027	\$2,707
After Tax Expenses						
Insurance Premiums	\$187	0	\$291	0	\$379	0
Medical/Dental Expenses	\$60	0	\$100	0	\$75	0
Child-Care Expenses**	\$175	0	\$350	0		
Spendable Income	\$864	\$973	\$2,004	\$2,224	\$2,573	\$2,707
Annual Increase In Take-Home Pay		\$1,308		\$2,640		\$1,608

*Federal and State taxes reflect 2000 Federal Tax rates and typical state taxes

**Does not include any available tax credit for child care expenses