

City of Easthampton



Benefits Overview

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a different opinion

City of Easthampton

Dear City of Easthampton employee:

Out of all the items on your to-do list, enrolling in your employer's benefits program likely isn't at the top. But it's more significant than you may think, as protecting yourself and your family is vitally important.

That's where we come in. American Fidelity provides financial solutions to employees just like you, and we offer benefits tailored for your specific needs.

Your benefit program includes a Section 125 Plan, which not only allows you to pre-tax premiums for qualified benefits, it also allows you to enjoy a tax-saving way to pay for eligible medical or dependent day care expenses with a reimbursement account that deducts pre-tax dollars from your paycheck. Simply choose the amount to be deducted, and the funds are set aside to be used for eligible expenses throughout the year. You can choose from several types of plans.

You only have one chance each year to get educated on all available benefit options and choose the ones that best meet your needs. And because benefits can be confusing, we're here to help you every step of the way. We'll walk you through all available options, answer any questions you may have, and help you build a package that's perfect for you.

Once you've reviewed the various products and services available through your employer, please feel free to reach out to your local representative for any questions you may have or further details.

Sincerely,

Karen Brown, Senior Account Manager

American Fidelity Assurance Company

For more information, contact your local American Fidelity representative.

*American Fidelity, a different opinion
in employee benefits.*

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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.

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.

A Healthcare Flexible Spending Account (HCFSA) 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 \$2,650 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.

Here's How They Work

A Dependent Care Account (DCA) 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).

Examples of Eligible Expenses

Acupuncture	Invitro 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.

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.

Here's How It Works

In the simplest of terms, this plan is insurance that pays a cash benefit and is designed to help protect you if you can't work due to a covered injury or sickness. It pays a monthly benefit amount based on a percentage of your gross income, so you may continue to afford everyday living expenses.

Features

- Benefits are paid directly to you, so you can use your benefit for any expense you wish.
- Payments made year-round.
- Several elimination periods to choose from.
- Premiums are not required while you are disabled, based on the length of your disability.

Cancer Insurance



If you were unexpectedly 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.

Here's How It Works

If cancer touches someone in your family, this plan may help ease the impact on your finances. Benefit payments are made directly to you, allowing you to pay for expenses like copayments, hospital stays, and house and car payments.

Features

- Benefit payments made directly to you, so you can use your benefit for any expense you wish.
- Choose the coverage option that best fits your lifestyle and financial needs.
- More than 25 plan benefits available for cancer treatment, including wellness and early detection.
- Radiation, chemo, and hormone therapy.
- Covers transportation and lodging.
- You own the policy, so you can take it with you if you change jobs.

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.

Here's How It Works

This plan provides 24-hour coverage for accidents that occur both on and off the job and can help offset your medical expenses. There are over 30 plan benefits available, and coverage may also extend to your family.

Features

- Choose the coverage option that best fits your lifestyle and financial needs.
- Apply with no medical questions asked.
- The plan pays an annual Wellness Benefit for one Covered Person to receive a routine physical exam, including immunizations and preventive testing.
- The plan pays a benefit when an Accidental Death or Dismemberment occurs within 90 days of a covered accident.
- Policy is guaranteed renewable for as long as premiums are paid as required.
- You own the policy, so you can take it with you if you change jobs.

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-30426-0716

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.

Here's How They Work

There are various plans available to you, including both Term Life and Whole Life Insurance. Securing a Life Insurance policy helps provide peace of mind knowing it will help take care of your family after you're gone.

Features

- Your death benefit is guaranteed for the life of the policy, provided premiums are paid as required.
- You can receive a portion of the chosen death benefit if you are diagnosed with a terminal condition.
- Competitive premiums are guaranteed not to increase during the initial term period you choose.
- The death benefit amount is generally paid tax free.

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.

SB-30505-0716

Group Critical Illness Insurance



Although your traditional medical insurance may help pay for expenses directly associated with a critical illness, how will you cover indirect expenses?

American Fidelity's **Limited Benefit Group Critical Illness Insurance** can assist with the expenses that may not be covered by major medical insurance, allowing you and your family to focus on what matters the most – your recovery.

Here's How It Works

If you experience an event such as a heart attack or stroke, Critical Illness Insurance may help. It pays a lump sum amount to help with expenses that may not be covered by major medical insurance – house payments, everyday expenses, lost income, and more.

Features

- Receive an annual benefit for one covered health screening test per year, such as a stress test, echo cardiogram, blood glucose testing, or up to five other routine tests.
- Choose from three coverage amount options, \$10,000, \$20,000, or \$30,000, at the time of application.
- Benefits are paid directly to you, so you can use your benefit for any expense you wish.

Only offered on an after tax-basis. Limitations, exclusions, and waiting periods may apply. This product is not available under Section 125 Plans. This product is inappropriate for people who are eligible for Medicaid coverage.

SB-30431-0716

Permanent, Portable Life Insurance



Your employer may provide you with group life insurance, but do you have lifetime coverage that you can take with you after employment? Life insurance at retirement can be very costly. Secure a permanent, portable plan today.

Here's How It Works

Permanent Life Insurance provides protection for your entire life, up to age 121.¹

Features

- The policy is effective to age 121.¹
- Multiple coverage options available for you, your spouse, children, and grandchildren.²
- You own the policy, so you can take it with you to a different job or in retirement.

Underwritten by Texas Life Insurance Company, 900 Washington Avenue, Waco, Texas 76703. Policy Form: PRFNG-NI-10 / 16M117-C AF 109 (expires 0718). See brochure for details.

¹*As long as you pay the necessary premium. This policy has exclusions, limitations, and terms under which the policy may be continued in force or discontinued.*

²*Coverage and spouse/domestic partner eligibility may vary by state. Coverage not available for children and grandchildren in Washington. Texas Life complies with all state laws regarding marriages and legally recognized familial relationships. Not generally qualified benefits under Section 125 Plans. PureLife-plus not available in NJ, NY, or PA.*

SB-30509-0716

Prepare for Your Enrollment

You have a busy schedule, and your time is important. That's why we offer several ways to educate you on the benefits your employer has chosen so you may decide how well they serve the needs of you and your family.

Important Items to Consider

- Figure an estimate of out-of-pocket medical expenses. A worksheet is available on our website to help calculate these costs.
- Figure an estimate of child care expenses.
- Review your beneficiaries.
- Review all available benefit options, including portable insurance plans that you may keep, even if you change jobs.
- Evaluate your need for life insurance.

What You Need

- Driver's license
- Bank account information (if signing up for direct deposit)
- Spouse and children's DOB and Social Security Number, if considering coverage.
- Beneficiary information, including (if a trust) full name and date of trust.

Your Review Is Important

Before you decide on whether or not to attend a benefit review, think about some important questions. These will help you get the most out of your appointment time and ensure you and your family are protected.

- Have you recently received a pay increase?
- Have you or are you planning on getting married, having children, or buying a home?
- What would happen if you were suddenly ill or disabled?
- Are you preparing for life after retirement?

Remember: Benefits are designed to help protect you and your family from any unexpected moments or changes in life. Evaluate your available benefits to ensure you and your family are covered.

Dedicated Resources for You



Your local representative is available year-round for any questions you may have about our benefits and services.



Visit our website to file a claim, make changes to your account, or find a quick answer regarding your coverage.

americanfidelity.com



Enjoy the convenience of AFmobile®, our mobile app, for easy claim filing.

Download the app or visit secured.americanfidelity.com to create an Online Service Center account today.



Contact our dedicated customer advocate team Monday through Friday, 7am to 7pm CST.

800-662-1113

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