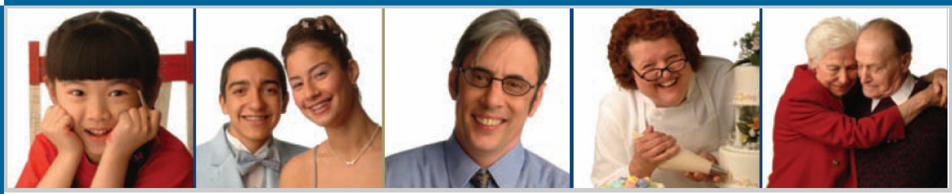
Your Flex Plan



DEPENDENT CARE REIMBURSEMENT ACCOUNT (DCRA)

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Dependent Care Reimbursement Account (DCRA)

The DCRA portion of the flex plan functions in a similar way for dependent care as the HCRA does for health care, though there are a few key differences. By enrolling in the DCRA, you can pay for work-related dependent care expenses with pre-tax dollars. Eligible expenses include traditional childcare, day camps, pre-school, and elder care. Like the HCRA, expenses must be incurred while eligible and within the plan year. There is also the same run-out period (see your Plan Specs or SPD). Annual elections are generally irrevocable and unused balances are forfeited with no rollover or grace period option available.

Dependent defined

To use the DCRA, the person receiving care must be eligible to be claimed as a dependent on your federal tax return AND be either 1) a child under the age of 13, OR, 2) a spouse or other dependent who cannot care for themselves and who spends at least 8 hours per day in your home. Also, DCRA expenses must be work-related.

DCRA vs. Child Care Tax Credit

In choosing to participate, you may instead consider the tax credit that is available to lower income households, since expenses cannot be counted twice. Generally, if your household earns more than $40,000 OR if you spend more than $3,000 per dependent (even at lower income levels), you will be better off in the DCRA. For further specific information, please visit www.superiorusa.com or consult your tax advisor.

Key points about the DCRA

- The IRS limits annual DCRA elections to $5,000 per family (not per employee).
- Unlike the HCRA, your reimbursable balance is only as much as you've "earned" in terms of your year-to-date contributions into the plan.
- Though care can be provided by individuals or even relatives, in or out of your home, no reimbursement is allowed when care is provided by you, your spouse, another one of your dependents, or your children under the age of 19.
- Overnight camps, expenses solely for household cleaning (maids), and kindergarten or other educational programs are not eligible.
- Upon your termination of employment, COBRA does not apply to the DCRA, though you may still submit claims against your "earned" balance for expenses incurred while employed.

DCRA Annual Election Worksheet

Please take a moment to fill out this DCRA Annual Election Worksheet to help you estimate how much money to set aside in the plan. You can even estimate how much you'll save in taxes over the course of the year!

Simply budget for the amounts you'll spend on each type of expense, add them up, and then calculate your total election and tax savings. The amount you calculate can be used on your DCRA election form.

Only budget for known expenses since money left in your account at the end of the year could be forfeited. Expenses paid for by insurance, reimbursed already by another plan, or used to claim tax credits and/or deductions, cannot be claimed again in this plan.

Estimated DCRA Expenses & Tax Savings

Dependent child daycare	________	
Dependent adult and elder care	________	
Day camps and pre-school	________	
TOTAL ANNUAL EXPENSES	$ ________	**(A)**
Estimated tax bracket percentage, see table below	________ %	**(B)**
Total annual tax savings, multiply A x B	$ ________	**(C)**
Annual number of paychecks (i.e. 52, 26, 24, or 12)	________	**(D)**
Tax savings per paycheck, divide C by D	$ ________	

Estimated Tax Table

Annual Household Earnings	Estimated Tax Rate
Less than $30,000	25%
$30,000-$45,000	32%
$45,000-$60,000	37%
Greater than $60,000	40%

*** Based on a combined social security, federal, and state income tax rate ***

Important Plan Rules and Information

Irrevocable elections and change of status

For the DCRA options within your employer's flex plan, the annual elections you make prior to becoming eligible and/or starting the plan year are generally irrevocable. They cannot be changed unless it is due to and consistent with a qualifying change of status event, such as: marriage, divorce, birth or adoption of a child, death of a spouse or dependent, or termination or change in your spouse's employment status. You must report the event and your changes within 30 days of the occurrence. You can get the required form from your HR department.

Termination of employment

Upon termination of your employment or your loss of eligibility, your DCRA is not subject to COBRA, which means you cannot continue to incur expenses but can continue to submit claims for expenses incurred prior to your termination date.

Tax Savings Example

No matter what your family situation is or what type of dependent care you use, if you have valid expenses your tax savings can be significant!

Example 1: Single parent (40% Tax Bracket)

> *After-school care, day camp, and pre-K*	*$5,000*

Annual Tax Savings of $2,000…

Example 2: Married Couple (25% Tax Bracket)

> *In-home babysitter*	*$5,000*

Annual Tax Savings of $1,250…

Know your balance at all times

With SuperiorUSA as your flex administrator, you have several ways to track your balance: 1) with each reimbursement your balance will show on the stub; 2) via reminder statements sent towards the end of the year; 3) via our website where your balance is always available and up-to-date.

Refer to your specific plan provisions

This enrollment booklet is provided by SuperiorUSA for participants' informational purposes only and is in no way intended to constitute legal, tax, or accounting advice. Refer to your Plan Specs Sheet and/or Summary Plan Description (SPD) for the specific and controlling provisions governing your plan, including annual election limits, available benefits, plan year dates and deadlines, and reimbursement frequency.

"Use it or lose it"

IRS rules make flex plans, including the DCRA options, subject to what are known as the "use it or lose it" rules. This means that any remaining dollars in your account at the end of the run-out period are forfeited (with expenses needing to be incurred by yearend). See your Plan Specs or SPD for details on your plan's run-out period.

Social security and income tax effects

Expenses that are reimbursed through the plan cannot be used to claim available credits and deductions on your tax return (no "double-dipping"). In addition, since the flex plan saves you tax dollars by reducing your taxable income, your future social security benefits may be moderately reduced. In nearly all instances, the current tax savings far outweigh the loss of future benefits.

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If you have any questions, please contact SuperiorUSA at (218) 529-2477, or toll free at (877) 529-2477, or visit our website for more information, useful tools, plan forms, and participant access.

Enrollments and Reimbursements

Now that you've learned what your employer's flex plan is, what expenses it works for, and how it can increase your take-home pay, it's time to learn how to sign up and get the savings underway!

1. Enrolling in the plan

Your next steps are to 1) use the Annual Election Worksheet on the prior pages (pg. 2) to help estimate your eligible expenses, then 2) complete an enrollment form, and if necessary 3) complete a direct deposit authorization with SuperiorUSA. That's it. It's really that simple!

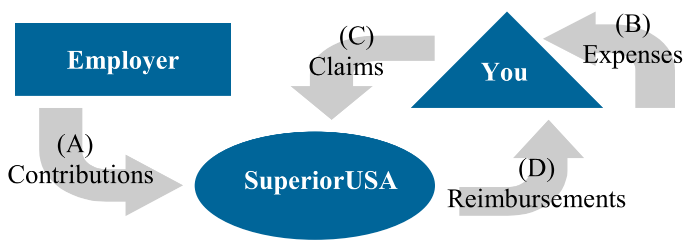
Claims Submission Tips

- You must use a claim submission form. Read all instructions and complete and submit all required parts, including necessary substantiation.
- You should only fax or mail copies of your documentation. Keep the originals for your tax records.
- Make sure your identifying information is listed on each page you submit with your claim.
- Keep your address and phone number updated.
- For DCRA claims, your provider must sign the form or provide a receipt to include as substantiation.
- DCRA reimbursements are limited to the balance you have in your account. You cannot go negative. Any excess claim amounts will be paid once more funds post to your account with each payroll.
- A signature is required. We are not allowed to process your claim request without one.

2. Getting reimbursed in the plan

Once you're enrolled, your employer and SuperiorUSA will set up your flex accounts in payroll so that your pre-tax contributions can start once the plan year begins (Step A below).

Subject to the rules for the DCRA, after you incur eligible expenses (Step B) you can submit (fax, email, or mail) claim forms and necessary substantiation to SuperiorUSA for adjudication and approval (Step C). If your claim is valid and submitted in good order, you'll receive your reimbursement (Step D) based on your preferred payment method (check or direct deposit). Reimbursements are made in the frequency listed on your Plan Specs Sheet. If all or a portion of your claim is denied you'll receive notice with instructions on how to correct your claim.



Frequently Asked Questions

Q. Do I have to re-enroll if I'm already in the flex plan this year? *A. Yes, everyone must re-enroll each year with new annual elections for the DCRA option.*

Q. Can I use the flex plan even if I don't use my employer's medical insurance and/or my spouse has a flex plan? *A. Yes, as long as you meet the basic eligibility requirements listed in the SPD. The flex plan will be even more valuable to you if you're going to incur extra out-of-pocket costs. Also, you are allowed to have access to another flex plan through your spouse.*

Q. If I set aside part of my pay, won't I make less money? *A. No, your net take-home pay will actually increase by the amount of the taxes you didn't owe.*

Q. Why should I enroll in my employer's flex plan? *A. The plan provides a unique opportunity to pay many of your everyday expenses with pre-tax dollars, which saves taxes, and increases your take-home pay.*

Q. If I don't enroll now, can I enroll mid-year? *A. Generally, no, once the plan year begins, the IRS considers a non-enrollment as a "zero" annual election, so you won't be able to change your election unless you have a qualifying change of status event.*

Q. What's this I've heard about a new flex rollover option? *A. The IRS relaxed the HCRA "use it or lose it" rules but this only applies to plan's with the HCRA, and not the DCRA option.*