



Flexible Spending Accounts Information Packet



Dear Participant:

Thank you for electing to participate in the flexible spending portion of the Section 125 Flexible Benefit Plan being sponsored by your employer. The amounts you have elected to be set aside for your Health Flexible Spending Account (Health FSA) and/or your Dependent Day Care FSA will be in force for the next plan year.

Although Section 125 regulations permit a benefit election change in the event of a change in status, no election changes are permitted for the Health FSA except for termination of employment by an employee. For special rules affecting your plan, contact your employer. Election changes for valid status changes and other qualified events are permitted for the Dependent Day Care FSA. Only claims incurred while you are contributing to the account(s) will be eligible for reimbursement.

The following sections are included in this booklet:

- How Flexible Spending Accounts Work
- How to File a Claim
- Checking Balance or Claim Status
- Q & A
- Information about Direct Deposit
- Privacy Notice

For Reimbursement Forms and information, visit our web site at www.afadvantage.com. You can also review the status of your account on-line! Just sign up for an account activation code to obtain secured access to your personal account, including balance and claim information. More detailed information on registering for an on-line account is included in this guide.

We look forward to assisting you with your Flexible Spending Account(s).

Sincerely,

American Fidelity's
Section 125/Flex Administration

How Flexible Spending Accounts Work

Flexible Spending Accounts allow you to direct a part of your pay, on a pre-tax basis, into special accounts that can be used throughout the year to reimburse yourself for certain out-of-pocket medical expenses and/or dependent day care expenses. Because your money goes into your reimbursement accounts before federal and state income taxes are withheld, you pay less in taxes, and ultimately have more disposable income. There are two separate accounts: a Health FSA and a Dependent Day Care FSA.

Health Flexible Spending Accounts

Your Health FSA may be used to reimburse eligible medical expenses incurred for yourself, your spouse, and your eligible dependents (minus amounts covered by insurance) up to the maximum benefit amount you elected for the year. Your employer establishes the plan's maximum for each plan year.

You may only be reimbursed for expenses incurred for services rendered during the plan year, not for services rendered in a different plan year but paid in the current plan year. If you are a new employee entering the plan during a plan year, services must be rendered after you are eligible to participate in the plan. Participants are allowed a 90-day run-off period after the plan year ends in which to submit claims that occurred during the plan year but were not yet submitted (run-off period may vary).

Some employers may have elected to offer the "grace period" for the Health FSA. Established by the IRS May 18, 2005, the grace period allows an additional 2 months and 15 days following the end of your plan year in which you are allowed to incur claims toward funds that you contributed to your Health FSA during the previous plan year. Basically, you have an additional 2 months and 15 days to "use it" before you "lose it!"

Here are some important facts to understand about the grace period:

- If you are participating in the Health FSA and an active employee on the last day of the plan year or have elected COBRA for your Health FSA if you have terminated employment, you are entitled to the grace period.
- The grace period applies only to the Health FSA, not to Dependent Day Care accounts
- You can incur expenses for an additional 2½ months following the end of your plan year and get reimbursed for eligible items.
- If you have funds left in your account from the previous year, the claim will be paid from those funds first.
- If there are no funds left in your account for the previous year, and if you have elected to participate in the Health FSA during the new plan year, the claim will be paid from your new plan year's account, assuming funds are available.
- If the claim is larger than the funds remaining in your account for the previous plan year, the claim will be paid first from your previous plan year's account, and the remainder will be paid from the new plan year's account assuming funds are available.

The 90-day run-off period will run concurrently with the 2 ½ month grace period. All funds not used for reimbursement at the end of the 90-day run-off will be subject to the "use-it or lose-it rule." Check with your employer to ascertain if the Grace Period has been elected for your Health FSA.

What Expenses are Eligible for Reimbursement?

In order to determine what expenses are eligible for reimbursement under your Health FSA, please visit American Fidelity's web site, www.afadvantage.com, to review a list of reimbursable items. You can access the list by selecting the Flex/HRA Services/Section 125 link on the left navigation bar and clicking the Reimbursement Guidelines link. If you would prefer to receive a hard copy of the list, please contact us at (800) 437-1011.

The Affordable Care Act of 2010 has made the following changes to Health FSA program.

- Effective January 1, 2011, over-the-counter drugs and medicine now require a medical practitioner's prescription.
- An "Adult Child" is a qualifying individual for reimbursement effective March 30, 2010. See definition of Adult Child below.

Orthodontia Reimbursements:

For orthodontia expenses paid upfront before services are provided, the contract stating the full charge, the date of treatment, and the estimated length of treatment with a receipt showing payment has been made are required to be submitted with the reimbursement voucher.

Capital Expenses:

American Fidelity does not reimburse capital expenses. Examples of capital expenses include swimming pools, hot tubs, jacuzzi tubs, exercise equipment, removal of lead-based paint, air conditioner, air purifier, mattresses, pillows or vacuums, water filters, automobile modifications for physically handicapped individuals, home improvements such as exit ramps, widening doorways, etc. to accommodate physically handicapped individuals.

Disclaimer

As a general rule, employees pay no FICA, federal, or state income taxes on employer or employee Health FSA contributions. However, some state tax rules do not allow the tax-free treatment that applies under federal law and, therefore, Health FSA benefits may need to be included in your income for state tax purposes. For more information, consult with your tax advisor.

Who is a Qualifying Individual for Health FSA Purposes?

A qualifying individual is defined under Code § 21(b)(1), as follows:

A “Qualifying Child” is:

- A child (including natural, adopted, foster and /or step child) and descendent of such person (i.e., grand and great grandchildren), or a brother or sister (including step) and a descendent of such person (i.e., nieces or nephews, including step nieces and nephews); and,
- Has the same principal abode as the employee for more than half the year;
- Is under the age of 19 at the end of the year, or, if a full-time student, under age 24 at the end of the year, or is permanently disabled; and,
- Does not provide more than half of his or her own support.

An “Adult Child” (as amended in Code Section 105 to be included as a dependent with respect to benefits provided after March 30, 2010) is:

- A child (including natural, adopted, foster and /or step child) of an employee who as of the end of the calendar year has not attained age 27. Only eligible as a dependent with respect to benefits provided after March 30, 2010.

A “Qualifying Relative” is:

- A child (including natural, adopted, foster and /or step child) and descendent of such person (i.e., grand and great grandchildren), or a brother or sister (including step siblings), parent or ancestor, stepparent (not including ancestors), aunt or uncle, niece or nephew, in-laws, or any other individual not listed above (i.e., a non-relative) who, for the taxable year (1) has the same principal place of abode as taxpayer, and (2) is a member of taxpayer’s household, and
- Receives more than half of his or her support from the employee; and,
- Is not a “qualifying child” of any taxpayer.

Dependent Day Care FSA

Your dependent daycare account may be used to reimburse yourself for eligible daycare expenses incurred because you (and your spouse, if applicable) work (or are looking for work, or are a full-time student) and your child needs custodial care while you work. If one parent is not working or looking for work, dependent care reimbursements are not an option. Work may include actively looking for work, yet unpaid volunteer work or volunteer work for a nominal salary does not qualify. Expenses for food, clothing, and education, are not considered to be expenses paid for the care of a qualifying individual. You may allocate up to \$5,000 per tax year for reimbursement of Dependent Day Care services (\$2,500 if you are married and file a separate return).

The Dependent Day Care expense reimbursements will be for the expenses you claimed up to the amount you have in your account. If the dependent day care expense claim is in excess of your account balance, the balance of the amount due will be forwarded to you as additional payments are received.

Student Spouse/Disabled Spouse

In certain circumstances, your spouse is considered to be employed if:

- for any month, he or she is a full-time student, or;
- he or she is mentally or physically incapable of self-care, and has the same principal place of abode as the taxpayer for more than half of the year.

In these circumstances, your spouse will be considered to have an earned income of \$250 a month if there is one qualifying dependent in your home, or \$500 a month if there are two or more qualifying dependents in your home.

A full-time student is one who is enrolled at a school during each of 5 calendar months of the year, not necessarily consecutive, for the number of hours considered to be a full-time course of study.

What Expenses are Eligible for Reimbursement?

In order to determine what expenses are eligible for reimbursement under your Dependent Day Care FSA, please visit American Fidelity's web site, www.afadvantage.com, to review a list of reimbursable items. You can access the list by selecting the Flex/HRA Services/Section 125 link on the left navigation bar and clicking the Reimbursement Guidelines link. If you would prefer to receive a hard copy of the list, please contact us at (800) 437-1011.

Who is a Qualifying Dependent for Dependent Day Care Plans?

For dependent day care (DCAP) plans, the services must be incurred for a “qualifying individual”. A qualifying individual is defined under Code § 21(b)(1), as follows:

- A dependent of the taxpayer as defined in Section 152(a)(1), (i.e., qualifying child) who has not reached the age of 13 and has the same principal place of abode for more than one-half of the year.
- A dependent of the taxpayer (qualifying child or qualifying relative) who is physically or mentally incapable of self-care and who has the same principal place of abode as the taxpayer for more than one-half of the year. The individual must regularly spend at least eight hours per day in the employee’s household.
- A spouse who is physically or mentally incapable of self-care and who has the same principal place of abode as the taxpayer for more than one-half of the year. The individual must regularly spend at least eight hours per day in the employee’s household.

When determining whether a person who is incapable of self-care is a qualifying individual, status as a dependent is determined without regard to the income test for being a qualifying relative.

A special rule for parents who are divorced or separated provides that a child is a qualifying individual with respect to the custodial parent—the parent having custody for the greater portion of the calendar year.

Payments to Relatives

Day care providers typically include babysitters, family day care, child care centers, home care, custodial care, or other types of child care such as after-school programs, church programs or programs offered by other tax-exempt entities. If the day care provider is a relative, expenses will not be considered to be eligible for reimbursement if the relative is (1) claimed as a dependent for federal income tax purposes, or; (2) your child, who is not age 19 or over by the end of the year. Election changes due to a cost-increase/decrease will not be eligible if the day care provider is a relative.

Earned Income Limit:

Your eligible expenses during a calendar year may not be more than:

1. Your earned income for the year if you are single at the end of the calendar year
2. The smaller of your earned income or your spouse’s earned income for the year if you are married at the end of the calendar year.

Tax Credit Alternative for Dependent Care:

- You should be aware that you may be able to take a federal tax credit of up to 35% of the amount you can pay for Dependent Day Care expenses instead of participating in the Dependent Day Care expense reimbursement account.
- You may use up to \$3,000 of Dependent Day Care expenses to figure your credit if you have one qualifying dependent and up to \$6,000 if you have two or more qualifying dependents.
- Your credit can be as much as \$1,050 if you have one qualifying dependent or as much as \$2,100 if you have two or more qualifying dependents.
- The tax credit is a direct reduction of the tax you owe to the federal government, unlike the income exclusion of participating in the Dependent Day Care account. Many states also provide a state tax credit for Dependent Day Care expenses.

You should consult with your tax advisor as to whether the tax credit may be more favorable for you than participating in the Dependent Day Care expense account. You may also wish to obtain IRS Publication 503 for more information about the federal tax credit.

Important Information About Your Flexible Spending Account(s)

- You must elect to participate prior to the beginning of each plan year or if you are a new hire, within your eligibility waiting period. There is no allowance for late enrollment.
- No reimbursements will be made until the first account deposit of the plan year is received from your employer.
- The amounts that you designate for the Health FSA may not subsequently be used for reimbursement of Dependent Day Care expenses, and vice versa.
- If an expense is covered by your health insurance plan, submit your bills to the insurance company first, then submit the insurance company's statement of benefits along with your voucher.
- Certain cosmetic procedures directed at improving a patient's appearance which do not treat an illness or promote proper function of the body, are not reimbursable items. However, procedures that are necessary to improve birth defects, disfiguring diseases, accidents or traumas are allowed.
- Be sure to keep a copy of all claims submitted for your records. It is especially important to keep copies of the Dependent Day Care Provider Acknowledgement Form as you will need the information for income tax preparation purposes. There will be a \$50 charge for pulling claims that have been processed (this applies in all situations other than an appeal of a denied claim).

Important Tax Information for Dependent Day Care

Regardless of whether you participate in the dependent care plan under Section 125 or claim the credit on your income tax return, you must provide the IRS with the name, address and taxpayer identification number (TIN) or Social Security number of your dependent care provider(s) by completing Schedule 2 of Form 1040A or Form 2441 and attaching it to your annual income tax return. Be sure that you follow the current instructions given by the IRS for preparing your annual income tax return. Failure to provide this information to the IRS could result in loss of the pre-tax exemption for your dependent care expenses.

Leave of Absence Options

If you are enrolled in the Health FSA and take a leave of absence during the plan year, you may:

1. Prepay the contributions pre-tax, or
2. Continue the contributions on an after-tax basis (pre-tax contributions may continue when you return to work), or
3. Prorate the unpaid contributions over the remaining pay periods when you return to work.

Participants in the Health FSA who are out on an unpaid leave of absence (whether qualifying under Family Medical Leave or otherwise) must make all contributions.

Election Changes

Dependent Day Care elections are irrevocable for the period of coverage (the plan year) except for a change in status which affects your need for day care. Examples of a change in status include your marriage, divorce or legal separation; death of your spouse or child; birth or adoption of a child; change in residence, or change in your or your spouse's work site. An election change may also be allowed for a cost or coverage change (cost changes are not eligible if the care provider is a relative). If you drop your Dependent Day Care election due to a change in status, only claims incurred while you are actively participating will be eligible for reimbursement.

No changes are permitted for the Health Flex Spending Account for any reason except for termination of employment. Contact your employer for special rules affecting your plan.

Options at Employment Termination

Upon termination of employment, an employee may elect to discontinue participation in the Health FSA or to continue the payment, if eligible, either by pre-taxing the remaining contributions for the plan year from severance pay or by paying for them on an after-tax basis (COBRA) through the end of the plan year. If you elect to continue the contribution on an after-tax basis, the coverage under the Health FSA will continue until the premium ceases and expenses incurred during the period of coverage will be reimbursed. The coverage may not continue beyond the current plan year.

If you do not elect to continue the payments on an after-tax basis, only expenses incurred during the period of coverage will be reimbursed. Coverage under the Health FSA ceases when the payments cease.

Appeal of Claim Denial

Please consult your employer for copies of these provisions.

American Fidelity's Service Commitment

- Quick processing of claims – look for our average turn-around to be 5-7 working days from the receipt of your claim
- Toll-Free Fax Line for Claim Submission – just fax your claim to (888) 243-2638
- Reimbursements via Direct Deposit – Complete the “Authorization Agreement for Automatic Deposits” in this booklet.
- Toll-Free Customer Service Line – We're happy to assist you with all of your Flex Account questions!

Contact us toll-free at (800) 437-1011.

How To File a Claim

1. Complete an Expense Reimbursement Voucher (URM and DDC vouchers can be found at www.afadvantage.com along with the third-party documentation of the expense. See list below of acceptable documentation.
2. Submit your completed form and documentation to American Fidelity's Flex Department. You can either mail it to the address located on the bottom of the voucher, or fax it toll-free to 1-888-243-2638. We are unable to confirm the receipt of your fax for 1 business day after it is sent.
3. Your claim will be processed in 5-7 business days, and you will be reimbursed for your eligible expenses. The Health FSA reimbursement check will be for the expenses claimed up to the maximum benefit amount you elected for the plan year minus any previously reimbursed amounts. The Dependent Day Care expense check will be for the expense you claimed up to the amount you have in your account. If the Dependent Day Care expense claim is in excess of your account balance, the balance of the amount due will be forwarded to you as additional payments are received.
4. You can choose to have your reimbursement mailed to you, or electronically transferred into your checking or savings account.

What Type of Third-Party Documentation is Required?

Health FSA Acceptable Documentation with an Expense Reimbursement Voucher:

1. Bill or receipt that includes provider of service, type of service rendered, original date of service, and charge for the service.
2. Insurance Company Explanation of Benefits (EOB).
3. Pharmacy statement that includes RX number and the name of prescription, along with amount charged.
4. Over-the-counter (OTC) drugs and medicine – medical practitioner's prescription required. Including:
 - a. The name and address of the patient;
 - b. The name and quantity of the drug prescribed and directions for use;
 - c. The date of issue;
 - d. The name, address, and phone number of the prescriber, his or her license classification, and his or her federal registry number;
 - e. A description of the condition for which the drug is being prescribed;
 - f. The signature of the medical practitioner issuing the order.

Dependent Day Care Acceptable Documentation

Dependent Day Care Reimbursement Voucher/Provider Acknowledgement Form. This form must be signed by both the participant and the day care provider.

Unacceptable Documentation: Claims substantiated without the Dependent Day Care Reimbursement Voucher/Provider Acknowledgement Form and with only the following items will be denied.

1. Cancelled checks / credit card receipts.
2. Bill or receipt that shows a balance forward / previous balance or payment.

How To Check Your Balance or Claim Status:

As a Flexible Spending Account participant, you have several options to inquire about the status of your reimbursement account.

1. By Internet:

Capture the advantage with afadvantage.com®! American Fidelity's web site offers flexible spending account participants access to a secured area providing account information, including online Flexible Spending Account balances and claim status.

In order to utilize the afadvantage.com® secured site, you will need to register online for an Account Activation Code (AAC). You can register for an AAC by selecting the "Get an Activation Code" link on our home page – www.afadvantage.com. The system will then guide you through the steps necessary to register. Once you have registered, your AAC will be mailed to you at your confirmed mailing address in 7 to 10 business days. You will then be ready to actively review your account throughout your plan year. Happy Surfing!

2. By Automated Telephone:

American Fidelity's FlexConnection® is an automated voice response system that allows you to make inquiries about your Health FSA and/or Dependent Day Care Account from your touch-tone telephone when you choose to call. The FlexConnection® is available 24 hours a day, not just during our office hours! By calling FlexConnection® you can obtain current account balances plus review the last activity in your account, the date and amount of your last reimbursement, your last claim entry, and your last deposit. **American Fidelity's FlexConnection® at 1-800-437-1011.**

3. Contact our Customer Service Department:

You can always choose to speak directly with one of our customer service representatives. We are happy to hear from you and are eager to answer your questions. You can reach us at 1-800-437-1011 from 7:00 to 7:00 CST, Monday through Friday. ***Be sure to include your E-mail Address on the Expense Reimbursement Voucher if you would like to receive an e-mail when a payment is made.***

QUESTIONS & ANSWERS:

Q. Can I view my account On-Line?

Yes, simply access www.afadvantage.com and register for an Account Activation Code. Your AAC number will be mailed to you within 7 – 10 business days. An OnLine account will enable you to view information such as account balance, last claim paid, and deposits received.

Q. How long will it take for my claim to be processed?

Once the first deposit is received from your employer and posted to your account, claims are processed an average of 5-7 working days from received date. If you fax your claim, you will save on mail time. You can also sign up to have your reimbursements deposited directly into your savings or checking account.

Q. How can I find out if you received my fax?

The best way to confirm that your fax was received is to contact us at (800) 437-1011. Please allow 24 hours before calling to confirm.

Q. What paperwork is required for a Health FSA claim?

In addition to the reimbursement voucher, we need a receipt or an itemized statement from the medical provider of service that includes; (1) Date of service, (2) Type of service, and (3) Charge for the service. Over-the-counter drugs and medicines require a doctor's prescription to accompany the reimbursement voucher.

Q. Can I be reimbursed for the full amount of my child's orthodontics?

Yes. You may claim your total out of pocket expenses anticipated for orthodontia. In addition to the reimbursement voucher, please submit a contract from the orthodontist stating (1) The start date of treatment; (2) The amount of the contract; (3) The estimated length of treatment time. Effective January 1, 2009, proof of payment will be required for reimbursement. Remember to deduct any amount that is covered by insurance!

Q. I am making monthly payments to pay for surgery I had last year, are these eligible?

No. The date of the surgery must fall within your plan year, while you are actively participating in the Health FSA. Payments for services that occurred before your plan year are not eligible.

Q. What paperwork is required for a Dependent Day Care claim?

Please submit the Dependent Day Care Reimbursement Form/Provider Acknowledgement (a copy of this form is included in this packet). This form must include the tax-ID or individual social security number of the provider, and must be signed both by you and by the Day Care Provider.

Q. Can I change my Dependent Day Care election?

Contrary to the Health FSA, which does not allow changes, a Dependent Day Care election may be changed if you experience a change in status that affects your need for the benefit, a cost increase or decrease (cost changes are not eligible if the Day Care provider is a relative), or another qualified event. Otherwise, your election will remain in force until the end of the plan year.

Q. Why do I receive only partial reimbursements for my Dependent Day Care?

Dependent Day Care reimbursements are paid up to the amount available in your account. Many times, claims submitted will exceed the amount of deposits that we've received. If a deposit is posted and there is a pended amount (claims in excess of deposits) then we will automatically pay on the pending claims when we receive an additional deposit.

Q. Can I submit day care expenses for reimbursement if my spouse is not employed?

If a spouse does not work and is not disabled or a full-time student, day care expenses are not reimbursable. If your spouse is either a full-time student or not able to care for himself or herself, your spouse will be considered to have earned income, therefore qualified day care expenses would be reimbursable.

Direct Deposit

Have you signed up to have your Flexible Spending Account expenses deposited directly into your bank account? By selecting this method of payment, you will be saving days of waiting for your reimbursement check to arrive in the mail.

- Direct deposit eliminates the possibility of your check being lost or delayed by the mail!
- Direct deposit eliminates that trip to the bank to deposit your reimbursement check!

Each time a deposit is made to your account, you will be mailed an Explanation of Benefits that shows the deposit made as well as a summary of your account. This will help you keep track of your account.

How do you get started on direct deposit?

Just complete the Authorization Agreement for Automatic Deposit, attach your voided check in the space allotted, and mail or fax it back to us! It will take approximately two weeks from the date that we receive this authorization for direct deposits to begin. Until that time, you will continue to receive a check for reimbursements.

How do you make a change?

If you change banks or account numbers, simply complete a new authorization agreement. We will stop your deposits as soon as we receive the new authorization. It will take approximately two weeks for deposits to begin going to your new account. During this time, you will receive a check if any reimbursements are made to you.

How long will this authorization remain in effect?

This authorization will remain in effect until you send us written notification to terminate it. If you elect to participate in the reimbursement accounts again for the next plan year, your authorization will carry over. If you elect not to participate in the reimbursement accounts for the next plan year, there will simply be no deposits made to your account following the run-off period.

We hope that you'll decide to take advantage of this "fast payment" service! If you have any questions, please call us at **1-800-437-1011**.

Would you like to have your reimbursement deposited directly into your Checking or Savings Account?

If so, please complete and return the following form:

Name of Employer			Daytime Phone
Name of Employee (Last, First, M.I.)			Social Security #
Address	City	State	Zip Code

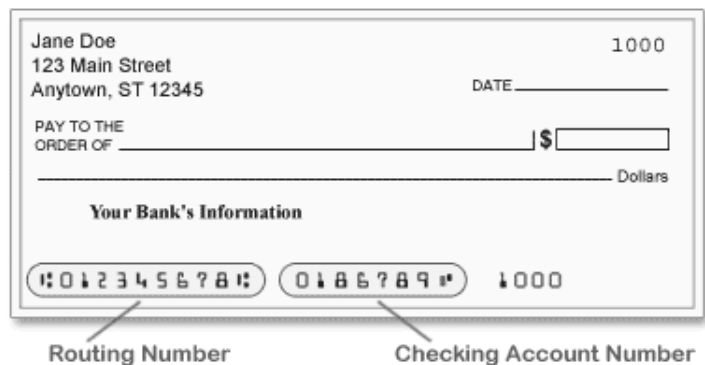
Banking Information (Routing and Account numbers) must be included in order for request to be processed, or you may attach a voided check.

Deposit into my (Check One): ___ Checking Account ___ Savings Account

Routing Number

Account Number

Bank Name



I hereby authorize American Fidelity Assurance (AFA) Company to make deposits into my account. I understand that it will take approximately two weeks from the date that AFA receives this authorization for direct deposits to begin.

This authority is to remain in full force and effect until AFA has received written notification from me of its termination in such time and such manner as to afford AFA and my financial institution a reasonable opportunity to act on it.

Fax this form to (888) 243-2638, or

Signature

Mail to:
American Fidelity Assurance Company
AWD Flex Account Administration
P.O. Box 268887
Oklahoma City, OK 73126-8887

Date



HIPAA NOTICE OF PRIVACY PRACTICES

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

American Fidelity Assurance Company
P.O. Box 25523
Oklahoma City, OK 73125
1-866-55-HIPAA

If you have questions about this notice, please contact the person listed under "Whom to Contact" at the end of this notice.

SUMMARY

In order to provide you with benefits, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) provides that if American Fidelity Assurance Company receives personal information about your health, from you, your physicians, hospitals, and others who provide you with health care services we are required to keep this information confidential. This notice of our privacy practices is intended to inform you of the ways we may use your information and the occasions on which we may disclose this information to others.

KINDS OF INFORMATION TO WHICH THIS NOTICE APPLIES

This notice applies to individually identifiable protected health information that is created or received by us and that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual, or for which there is a reasonable basis to believe the information can be used to identify the individual (hereinafter referred to as "protected health information").

POLICIES AND/OR RIDERS AFFECTED BY THIS NOTICE

The following policies and/or riders and any combination thereof, provided by American Fidelity Assurance Company are subject to the privacy policies and procedures set forth in this notice: cancer insurance; medical expense insurance; health indemnity insurance; hospital indemnity insurance; dental insurance; long term care insurance; flexible health care spending accounts; Medicare supplement insurance, vision insurance; medical expense reimbursement plans; and any other coverages offered by us that meet the definition of a health plan contained in the HIPAA Privacy Rule.

The following policies and/or riders, and any combination thereof, provided by American Fidelity Assurance Company, and other coverages that do not meet the definition of a health plan contained in the HIPAA Privacy Rule are not covered under this notice: disability income insurance; accident only insurance; accidental death and dismemberment insurance; life insurance; annuity plans; Roth individual retirement accounts; simplified employee pension plans; and excess loss coverage on Self-Funded Health Plans.

WHO MUST ABIDE BY THIS NOTICE

All employees, staff, students, volunteers and other personnel whose work involves one of the products covered under this notice and who are under the direct control of American Fidelity Assurance Company must abide by

this notice. The people and organizations to which this notice applies (referred to as "we," "our," and "us") have agreed to abide by its terms. We may share your information with each other for purposes of payment and operations activities as described below.

OUR LEGAL DUTIES

- We are required by law to maintain the privacy of your protected health information.
- We are required to provide this notice of our privacy practices and legal duties regarding protected health information to anyone who asks for it.
- We are required to abide by the terms of the notice that is currently in effect.

OUR RIGHT TO CHANGE THIS NOTICE

We reserve the right to change our privacy practices, as described in this notice, at any time. We reserve the right to apply these changes to any protected health information, which we already have, as well as to protected health information we receive in the future. Before we make any material change in the privacy practices described in this notice, we will write a new notice that includes the change. The new notice will include an effective date. We will mail the new notice to all named insureds then covered by a product subject to the notice within 60 days of the effective date.

HOW WE MAY USE OR DISCLOSE YOUR PROTECTED HEALTH INFORMATION

We may use your protected health information, or disclose it to others, for a number of different reasons. This notice describes these reasons. For each reason, we have written a brief explanation. We also provide some examples. These examples do not include all of the specific ways we may use or disclose your information. But any time we use your information, or disclose it to someone else, it will fit one of the reasons listed here. When the minimum necessary requirement applies, we will make reasonable efforts to limit your protected health information to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request.

1. *Payment.*

We will use your protected health information, and disclose it to others, as necessary to make payment for the health care services you receive. For instance, an employee in our claim-processing department may use your protected health information to pay your claims. We will also send you information about claims we pay and claims we do not pay (called an "explanation of benefits"). The explanation of benefits will include information about claims we receive for the Insured and each dependent who are enrolled together under a single contract or identification number. Under certain circumstances, you may receive this information confidentially: see

the “*Confidential Communication*” section in this notice. We may also disclose some of your protected health information to companies with whom we contract for payment-related services. For instance, if you owe us money, we may give information about you to a collection company with whom we contract to collect bills for us. We will not use or disclose more information for payment purposes than is necessary.

2. Health Care Operations.

We may use and disclose your protected health information for activities that are necessary to operate this organization. This includes reading your protected health information to review the performance of our staff. We may also use your information and the information of other members to plan what services we need to provide, expand, or reduce. We may disclose your protected health information as necessary to others with whom we contract to provide administrative services. This includes our lawyers, auditors, accreditation services, and consultants, for instance.

3. Legal Requirement to Disclose Information.

We may use or disclose your information when we are required by law to do so. This includes reporting information to government agencies that have the legal responsibility to monitor the health care system. For instance, we may be required to disclose your protected health information, and the information of others, if we are audited by the state insurance department. We will also disclose your protected health information when we are required to do so by a court order or other judicial or administrative process.

4 Public Health Activities.

We will disclose your protected health information when required to do so for public health purposes. This includes reporting certain diseases, births, deaths, and reactions to certain medications. It also includes reporting certain information regarding products and activities regulated by the federal Food and Drug Administration. It may also include notifying people who have been exposed to a disease.

5. To Report Abuse.

We may disclose your protected health information when the information relates to a victim of abuse, neglect or domestic violence. We will make this report only in accordance with laws that require or allow such reporting, or with your permission.

6. Government Oversight.

We may disclose your protected health information if authorized by law to a government oversight agency (e.g., a state insurance department) conducting audits, investigations, or civil or criminal proceedings.

7. Judicial or Administrative Proceedings.

We may disclose your protected health information in the course of a judicial or administrative proceeding (e.g., to respond to a subpoena or discovery request).

8. Law Enforcement.

We may disclose your protected health information for law enforcement purposes. This includes providing information to help locate a suspect, fugitive, material witness or missing person, or in connection with suspected criminal activity. We must also disclose your protected health information to a federal agency investigating our compliance with federal privacy regulations.

9. Coroners.

We may disclose your protected health information to coroners, medical examiners, and/or funeral directors consistent with the law.

10. Organ Donation.

We may use or disclose your protected health information for cadaveric organ, eye or tissue donation.

11. Workers’ Compensation.

We may disclose your protected health information to workers’ compensation agencies if necessary for your workers’ compensation benefit determination.

12. Limited Data Sets.

We may use or disclose, under certain circumstances, limited amounts of your protected health information that is contained in limited data sets.

13. Research.

We may use or disclose your protected health information for research purposes, but only as permitted by law.

14. Specialized Purposes.

We may use or disclose the protected health information of members of the armed forces as authorized by military command authorities. We may disclose your protected health information for a number of other specialized purposes. We will only disclose as much information as is necessary for the purpose. For instance, we may disclose your protected health information for national security, intelligence, and protection of the president.

15. To Avert a Serious Threat.

We may use or disclose your protected health information if we decide that the disclosure is necessary to prevent serious harm to the public or to an individual. The disclosure will only be made to someone who is able to prevent or reduce the threat.

16. Family and Friends.

We may disclose your protected health information to a member of your family or to someone else that is involved in your medical care or payment for care. This may include telling a family member about the status of a claim, or what benefits you are eligible to receive. In the event of a disaster, we may provide information about you to a disaster relief organization so they can notify your family of your condition and location. We will not disclose your information to family or friends if you object.

17. Health Benefits Information.

If your employer sponsors your enrollment in American Fidelity’s health plan, your protected health information may be disclosed to your employer, as necessary for the administration of your employer’s health benefit program for employees. Employers may receive this information only for purposes of administering their employee group health plans, and must have special rules to prevent the misuse of your information for other purposes.

18. Products and Services.

We may contact you to provide information about other health-related products and services that may be of interest to you. For example, we may use and disclose your protected health information for the purpose of communicating to you about our health insurance products that could enhance or substitute for existing health plan coverage, and about health-related products and services that may add value to your existing health plan.

MORE STRINGENT LAW

In the event applicable law, other than the HIPAA Privacy Rule, prohibits or materially limits our uses and disclosures of protected health information, as set forth above, we will restrict our uses or disclosure of your protected health information in accordance with the more stringent standard.

YOUR RIGHTS

1. Authorization.

We may use or disclose your protected health information for any purpose that is listed in this notice without your written authorization. We will not use or disclose your protected health information for any other reason without your written authorization. If you authorize us to use or disclose your protected health information, you have the right to revoke the authorization at any time. For information about how to authorize us to use or disclose your protected health information, or about how to revoke an authorization, contact the person listed under "Whom to Contact" at the end of this notice. You may not revoke an authorization for us to use and disclose your information to the extent that we have taken action in reliance on the authorization or if the authorization was obtained as a condition of obtaining insurance, and we have the right, under other law, to contest a claim under the policy or the policy itself.

2. Request Restrictions.

You have the right to request restrictions on certain of our uses and disclosures of your protected health information for insurance payment or health care operations, disclosures made to persons involved in your care, and disclosures for disaster relief purposes. For example, you may request that we not disclose your protected health information to your spouse. Your request must describe in detail the restriction you are requesting. We will consider your request. But we are not required to agree. We cannot agree to restrict disclosures that are required by law.

3. Confidential Communication.

If you believe that the disclosure of certain information could endanger you, you have the right to ask us to communicate with you at a special address or by a special means. For example, you may ask us to send explanations of benefits that contain your protected health information to a different address rather than to your home. Or you may ask us to speak to you personally on the telephone rather than sending your protected health information by mail. We will agree to any reasonable request. Requests for confidential communications must be in writing, it must state that the disclosure of the protected health information could endanger you, it must be signed by you or your representative, and sent to us at the address under "Whom to Contact" at the end of the notice.

4. Inspect And Receive a Copy of Protected Health Information.

You have a right to inspect certain protected health information about you that we have in our records, and to receive a copy of it. This right is limited to information about you that is kept in records that are used to make decisions about you. For instance, this includes claim and enrollment records. If you want to review or receive a copy of these records, you must make the request in writing, you must state that you are requesting access to your protected health information and either you or your representative must sign the request. We may charge a fee for the cost of copying and mailing the records. To ask to inspect your records, or to receive a copy, contact us at the address under "Whom to Contact" at the end of this notice. We may deny you access to certain information. If we do, we will

give you the reason, in writing. We will also explain how you may appeal the decision.

5. Amend Protected Health Information.

You have the right to ask us to amend protected health information about you, which you believe is not correct, or not complete. If you want to request that we amend your protected health information you must make this request in writing, it must be signed by either you or your representative, and give us the reason you believe the information is not correct or complete. Your request to amend your information must be sent to the address under "Whom To Contact" at the end of this notice. We may deny your request if we did not create the information, if it is not part of the records we use to make decisions about you, if the information is something you would not be permitted to inspect or copy, or if it is complete and accurate.

6. Accounting of Disclosures.

You have a right to receive an accounting of certain disclosures of your information to others. This accounting will list the times we have given your protected health information to others. The list will include dates of the disclosures, the names of the people or organizations to whom the information was disclosed, a description of the information, and the reason. We will provide the first list of disclosures you request at no charge. We may charge you for any additional lists you request during the following 12 months. You must tell us the time period you want the list to cover. To be considered, your accounting requests must be in writing, signed by you or your representative and sent to the address under "Whom to Contact" at the end of this notice.

7. Paper Copy of this Privacy Notice.

You have a right to receive a paper copy of this notice. If you have received this notice electronically, you may receive a paper copy by contacting the person listed under "Whom to Contact" at the end of this notice.

8. Complaints.

You have a right to complain about our privacy practices, if you think your privacy has been violated. You may file your complaint with the person listed under "Whom to Contact" at the end of this notice. You may also file a complaint directly with the Secretary of the U. S. Department of Health and Human Services. All complaints must be in writing, must describe the situation giving rise to the complaint and must be filed within 180 days of the date you know, or should have known, of the event giving rise to the complaint. You will not be subject to any retaliation for filing a complaint.

WHOM TO CONTACT:

Contact the person listed below:

- For more information about this notice, or
- For more information about our privacy policies, or
- If you want to exercise any of your rights, as listed on this notice, or
- If you want to request a copy of our current notice of privacy practices.

**Privacy Official
P.O. Box 25523
Oklahoma City, OK 73125
1-866-55-HIPAA**

Copies of this notice are also available by sending an e-mail to: Hipaa@af-group.com. This notice is also available on our Web site: www.afadvantage.com.

Helpful Tips on Your Reimbursement Account

On the web at www.afadvantage.com

Need more forms? Visit us online at www.afadvantage.com and click on the Section 125/Flex Services link. You can then select and print the claim forms you need. While visiting our web site, be sure to sign up for secured access to detailed account information, including account balance and claims information.

FlexConnection®

Check out your account at any time of the day or night by calling our interactive phone response system at: 1-800-437-1011.

Customer Service Representative:

We are happy to help with any questions or concerns you may have. Give our Customer Service Team a call at (800) 437-1011 option 4 and one of our friendly team members will be right with you. Our call center is open Monday through Friday, 7am to 7pm CST.

Put Your Claim on the Fast Track:

Fax Claim Toll Free to: 1-888-243-2638

Sign up for Direct Deposit of Reimbursement

Visit Us Online at www.afadvantage.com for reimbursement forms!



A member of the American Fidelity Group®