

Flexible Spending Accounts

A Flexible Spending Account (FSA) is a simple and convenient way for you to make the most out of your paychecks. When you enroll in an FSA you can pay for health care and dependent care expenses and save money at the same time.

Here's how it works:

You set aside a predetermined amount to be deducted from your paycheck, which is then deposited into your FSA(s). The amount that you designate is deposited before federal and state income tax withholding or Social Security is deducted.

This means the funds that you set aside to pay for your health care or dependent care expenses are tax-free ... saving you money. At the end of the year, your W-2 form will indicate your taxable income as your regular gross salary minus your FSA contributions.

Tax Savings Example

Here is an example of how you can reduce your taxes and increase your take-home pay by enrolling in an FSA

You Deposit	\$1,000 in your FSA
You Save	\$200 in federal income taxes*
You Save	\$76 in FICA taxes**
YOU TAKE HOME	\$276 in yearly savings

* Assumes federal income tax rate of 20%.

** Includes Social Security tax rate of 6.2% and Medicare tax rate of 1.45%.

KEEP MORE MONEY
IN YOUR POCKET
WITH AN FSA



Two Ways To Save!

There are two types of FSAs:

- (1) Health Care
- (2) Dependent Care

They differ in the types of expenses they cover and how they provide reimbursement.

Health Care FSAs

Health Care FSAs are used to reimburse health care expenses, including any insurance deductibles, as well as medical and prescription copayments that are not covered by your medical plan. Some examples of eligible medical expenses include the following:

- > Deductibles and copayments incurred under the medical plan
- > Vision and Dental care expenses

For a more detailed list of eligible/ineligible expenses refer to the end of this brochure.

Dependent Care FSAs

Dependent Care Accounts are designed if you need to pay for care for a dependent child or adult while you continue working or searching for work. Child care costs are eligible for reimbursement if a child is younger than 13 and you claim the child as a dependent on your federal income tax return. Costs of care for an adult dependent, including a spouse or a parent, qualify if the adult is physically or mentally disabled.

Sign Me Up!

You can enroll in any FSA during Open Enrollment or after you experience a qualifying life event. Qualifying life events include (marriage, divorce, birth, adoption, etc.).

myFlexDollars



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FREQUENTLY ASKED QUESTIONS

If I Enrolled in an FSA Last Year, Do I Have to Enroll Again This Year?

Yes. FSA elections do not carry over from one plan year to the next. To continue saving, you must make new FSA decisions at the beginning of each plan year during open enrollment.

Can I Change My FSA Election During the Year?

If you experience a qualifying life event – such as marriage, divorce, or the birth or adoption of a child – you may either close your account(s) or adjust your annual contribution(s). The qualifying life event must be reported within a certain timeframe and must be supported by documentation.

Who Can Incur FSA Expenses?

A Health Care FSA can be used to reimburse qualifying expenses that both you and your eligible dependents incur, even those who are not covered under your health care coverage.

How Much Should I Contribute?

Participating in a flexible spending arrangement requires careful planning. However, the benefits make these efforts pay off in the long run. You need to carefully estimate your expenses for the upcoming year in order to determine how much to contribute to one or both of the available FSAs. A good way to start, is to estimate the costs that you know you already spend on FSA-eligible items annually.

How Do I Receive Reimbursement?

You can be reimbursed for your eligible expenses by using any of these three convenient methods

- (1) Using the Benny™ Prepaid Benefits Card
- (2) Using the myFlexDollars Website
- (3) Filing a Paper Claim

What Happens If I Have Money Left in My Account at the End of the Year?

FSAs are subject to a forfeiture rule, often referred to as “The Use It Or Lose It” rule. These accounts are designed to reduce your taxable income. However, there is a risk of losing unused funds if you do not follow your plan’s filing rules to use or claim them. Such a loss would take away from the tax gain you realized when you enrolled in an FSA. Sounds bad, right? Well, using and not losing is easier than you think! All it takes is knowing 1) your balance and 2) your plan’s filing rules.

Filing Rules: Many plans allow extra time - a grace period or a carryover amount, for example - to spend and claim funds. So you’ll want to know these deadlines when you enroll and start spending. MyFlexDollars.com gives you convenient, constant access to both your plan’s deadlines as well as your account balance. You’ll always know how much money you have available to spend and how much time you have to spend it.

How Much Can I Be Reimbursed at One Time?

With a Health Care FSA, you can be reimbursed an amount up to the total annual contribution you have elected regardless of your account balance. You can begin to use all or some of the total contribution you elected as soon as the plan year begins.

With a Dependent Care FSA, you will be reimbursed only for dependent care services you have already received. You will be reimbursed for the lesser of your current account balance or the amount of the claim. If you submit a claim for an amount that exceeds your account balance, you will be reimbursed on a pay-period basis until you have made enough additional contributions to cover the expenses.

Can FSA Funds be Transferred from One FSA to Another?

FSA funds CANNOT be transferred from one account to another (for example, you may not move funds from your Health Care FSA to your Dependent Care FSA).



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ELIGIBLE HEALTH CARE EXPENSES

Medical Treatments/Procedures

- Acupuncture
- Alcoholism (inpatient treatment)
- Exercise/fitness programs*
- Hearing exams
- Hospital services
- Infertility treatment
- In vitro fertilization
- Norplant insertion/removal
- Physical exam (not employment related)
- Reconstructive surgery (congenital defect/accident)
- Rolifing
- Speech therapy
- Sterilization
- Transplants (including organs)
- Treatment for substance/drug abuse
- Vaccination/immunizations
- Vasectomy and vasectomy reversal
- Weight loss programs*
- Well-baby care

Medical Equipment Supplies & Services

- Abdominal/back support
- Ambulance services
- Arches/orthopedic shoes
- Contraceptives*
- Crutches
- Guide dog (for visually/hearing impaired)
- Hearing devices and batteries
- Hospital bed
- Learning disability support (special school/teacher)
- Medic alert bracelet or necklace
- Oxygen equipment
- Prosthesis
- Splints/casts or support hose**
- Syringes
- Transportation expenses (for medical care)

Medical Equipment Supplies & Services (cont'd)

- Tuition fee at special school (for disabled child)
- Weight loss drugs (to treat specific disease)
- Wheelchair
- Wigs (hair loss due to disease)

Practitioner

- Allergist
- Chiropractor
- Dermatologist
- Osteopath
- Physician
- Psychiatrist**
- Psychologist**

Medication

- Insulin
- Prescribed birth control and vitamins
- Prescription drugs

Over-the-Counter Items

The Patient Protection and Affordable Care Act of 2010, better known as health care reform, placed new restrictions on FSA reimbursement for over-the-counter (OTC) drugs and medications, beginning in 2011. Employees are required to provide a copy of a prescription from a physician in order to obtain reimbursement for OTC items.

Lab Exams/Services

- Blood tests
- Cardiographs
- Laboratory fees
- Metabolism test
- Spinal fluid test
- Urine/stool analysis
- X-rays

Obstetric Services

- Lamaze classes
- Midwife expenses
- OB/GYN exams
- OB/GYN prepaid maternity fees***
- Prenatal and postnatal treatments

Vision Services

- Artificial eyes
- Contact lenses
- Eye exams
- Eyeglasses
- Laser eye surgeries
- Prescription sunglasses
- Radial keratotomy/lasik
- Reading glasses

Dental Services

- Dental x-rays
- Dentures
- Exam/teeth cleaning
- Extractions
- Fillings
- Gum treatment
- Oral surgery
- Orthodontia/braces
- Physical exam

Health Care Expenses NOT Covered

- ✗ Cosmetic surgery/procedures
- ✗ Diaper service
- ✗ Hair loss medication
- ✗ Hair transplants
- ✗ Health club
- ✗ Insurance premiums
- ✗ Long-term care premiums
- ✗ Marriage counseling
- ✗ Maternity clothes
- ✗ Vitamins/nutritional supplements
- ✗ Teeth whitening

*If prescribed by doctor.

**Requires medical necessity.

***Reimbursable after date of birth.



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ELIGIBLE DEPENDENT CARE EXPENSES

What Qualifies?

Services are eligible for reimbursement through a Dependent Care FSA if their primary function is ensuring the qualifying individual's well-being and protection. **Examples of eligible Dependent Care expenses include, but are not limited to the following:**

Services provided: (1) inside or outside of your home by anyone other than your spouse, another one of your dependents, or one of your children under 19 years of age; (2) by a child care center; or (3) by a housekeeper whose services include dependent care.

Day Care Centers

Services provided by a dependent care center that meet local regulations, cares for more than six nonresidents and receives a fee for such services, whether or not-for-profit, but only if the care is for a dependent under age 13 or an eligible dependent who regularly spends at least eight hours a day in your home. Expenses for a dependent day care center must meet all state and local licensing requirements.

Day Programs

Services provided outside of your home, such as preschool tuition or other outside dependent/child care services, such as before- and after-school programs, but only if the care is for a dependent under age 13 or other eligible dependent who regularly spends at least eight hours a day in your home.

Care For Dependents With Mental And/Or Physical Disabilities

Care for dependents who live with you at least eight hours a day and who are mentally and physically incapable of caring for themselves and who depend on you to provide more than half of their support.

Educational Programs

Schooling costs for children in preschool/nursery school are eligible for reimbursement (kindergarten program costs are NOT reimbursable). If child attends kindergarten and participates in an after-school day care program at the same school, only the after-school program cost is reimbursable.

Day Camp

Summer day camp (when both parents work).

Dependent Care Expenses NOT Covered

- ✗ Transportation to and from the dependent day care location, unless transportation is offered through the provider's program.
- ✗ Amounts you pay for child and dependent day care while you or your spouse are out of work because of illness (including maternity leave), injury, vacation, or leave of absence
- ✗ Summer sleepover camps
- ✗ Separate charges for food, diapers, clothing, supplies
- ✗ Fees for extracurricular classes (e.g. gymnastics, swimming, dance)
- ✗ Boarding Schools
- ✗ Nursing Homes

