



## Flexible Spending Account Plans Employee Frequently Asked Questions

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### What is a Flexible Spending Account?

A Flexible Spending Account is an employee benefit offered by your employer, which results in tax savings for most employees. The plan reduces your taxable income by allowing you to pay for health care expenses and dependent care expenses with pre-tax dollars. This savings applies to Federal, State and Social Security taxes.

### What is a Summary Plan Description (SPD)?

The SPD is a summary and is meant to answer questions frequently asked by employees. It is recommended that you carefully read this document in order to understand your Flexible Spending Account and its benefit to you. You may access your SPD by contacting your plan administrator or at [www.benefitmanagerscompany.com](http://www.benefitmanagerscompany.com)

### Am I eligible?

As Flexible Spending Accounts are a benefit offered by your employer, your employer has determined the eligibility rules for your company.

### I have health care expenses and dependent care expenses. What do I do?

There are two different Flexible Spending Accounts. A **health care spending account** for health care, dental, vision and hearing expenses and a **dependent care spending account** for expenses for your children or eligible dependents for care received while you and your spouse work or attend school. You may choose to participate in either or both. However, money may not be transferred from one account to the other.

### Will my FSA affect my personal income tax return?

Under current law, you can receive a tax credit for certain dependent day care expenses and health care expenses on your personal income tax return. Your tax savings comes about because your FSA is a salary reduction resulting in lower taxes withheld from your paycheck. Therefore, you have no income tax return items with the possible exception of day care expenses over the amount you placed into your day care FSA. Any day care expenses not placed in your FSA may be considered on your personal tax return for a credit. Since everyone's situation is different, it may be appropriate for you to consult with a tax advisor if you have additional questions.

### Exactly how does it work?

During the annual enrollment period, you determine the amounts you want to contribute to your Flexible Spending Account(s) (FSA) for the following plan year, up to your employer set plan limits. Each pay period, this amount will be deducted from your check in equal portions before taxes are calculated. As you incur qualified expenses throughout your plan year, you may submit them for reimbursement from your FSA.

It is important that you calculate your annual elections carefully. Federal tax law requires that money left in your FSA at the end of the plan year be forfeited. Your enrollment election is irrevocable; you may only change it if you experience a *family status change*.

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**What is a family status change?**

The IRS has an approved list of qualifying events that may make you eligible to adjust your elections due to a status change. Examples of a family status change are:

- Marriage or divorce
- Death of a spouse or dependent
- Birth or adoption of child
- Termination of spouse's employment
- Commencement of spouse's employment
- Change from part-time to full-time employment status of employee or spouse
- Unpaid leave of absence by employee or spouse

**I would like a Health Care Flex Account. How do I start?**

First you must determine how much you want to contribute to your health care FSA. Use the provided worksheet to organize your last year's expenses and estimate expenses for the upcoming year. This amount will be withheld in equal amounts, pre-tax, each pay period. Use the enrollment form provided by your employer to enroll in the Plan.

**How do I decide how much to contribute to my Health Care FSA?**

**Your Health Care FSA** can help you pay for health care expenses for you, your spouse and eligible dependents that are not paid by medical, dental, or vision insurance. These include deductibles, co payments, and other out of pocket expenses. Effective January 1, 2011, over the counter medications, drugs, and biologicals will no longer be eligible for reimbursement from your health care FSA without a Statement of Medical Necessity from your licensed health care provider.

Here are some things to think about to help you decide how much to contribute to your Health Care FSA. All of these considerations should be based on your own personal situation.

What health care insurance did you choose?

- Did you select medical, dental, and/or vision insurance?
- How much might you pay in deductibles?
- How much might you pay in out of pocket expenses?
- How much might you pay for items not covered by your health care plans?
- How much did you pay in health care expenses last year?

**How do I request reimbursements for eligible health care expenses?**

When your enrollment is processed, you will receive a "welcome" packet confirming your participation in the plan. You will also receive a Reimbursement Request form to use in submitting requests for reimbursements. Simply include your receipts for expenses and fax to our office. You may also choose to mail your requests for reimbursements. Additional supplies of these forms are located in your Human Resource Department. For those enrolled in the HSA plan, eligible reimbursements are restricted to vision and dental expenses.

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**I also have Dependent Care Expenses.**

**Your Dependent Care FSA** allows you to pay for eligible dependent day care expenses on a pretax basis. It covers dependent day care expenses that allow and your spouse to work or go to school. This also includes dependent day care expenses incurred when you travel on business, as long as you are not married or because your spouse is unable to care for your dependents because he or she is working.

**What are eligible Dependent Care expenses?**

Expenses that are eligible for reimbursement from the dependent day care FSA include:

- Payment to someone who provides care for a dependent in your home or his or her home.
- Payment to an eligible day care facility.

**Who is a “dependent”?**

Eligible dependents include both dependent children and dependent adults such as a parent or grandparent. A typical dependent is a child under 13 years of age, or over 13 and incapable of selfcare; who lives with you at least 50% of the time and for whom you provide at least 50% of their support.

**Where do I start?**

Your first step in determining your contribution to your Dependent Care FSA is to review the amounts you paid for dependent care last year. Use the provided Dependent Care Worksheet to estimate your dependent care expenses for the upcoming plan year. Be sure to account for after school and/or summer care programs. Use the enrollment form provided by your employer to enroll in the Plan.

**How do I request reimbursement for eligible Dependent Care expenses?**

When your enrollment is processed, you will receive a “welcome” packet confirming your participation in the plan. You will also receive a Reimbursement Request form to use in submitting requests for reimbursements. Again, simply include your receipts for your dependent care expenses and fax to our office. You may also choose to mail your requests for reimbursements. An additional supply of these forms are located in your Human Resource Department.

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## **Your Plan Administrator is**

### **Benefit Managers Company**

**PO Box 190840**

**Boise ID 83719**

**Phone: 208-322-6546**

**Fax: 208-672-8330**

The Employment Retirement Income Security Act (ERISA) of 1974 provides you with certain rights and protections under the Plan. ERISA allows you to:

- Examine all Plan documents in the Plan Administrator's office during business hours, without charge. Included are annual reports and other documents that may be filed with the U.S. Department of Labor.
- Receive copies of the all Plan documents and information by making a written request to the Plan Administrator. Reasonable charges may be applied to these requests.

The people who operate the Plan are called fiduciaries of the Plan. The fiduciaries are obligated to operate the Plan in your best interests, the interests of other participants, and the interests of the beneficiaries, consistent with the concern for your welfare that resulted in the adoption of this Plan.

**At Benefit Managers Company**, keeping your personal information secure is as important to us as it is to you. Benefit Managers Company is committed to maintaining the confidentiality of the information we receive from our customers and potential customers. We have built privacy protections into every aspect of our business operations. These privacy protections meet or exceed industry requirements and standards. Benefit Managers Company periodically reviews our physical, procedural and electronic privacy policies to ensure they continue to meet changing requirements and advances in the industry.

**Your  
Health  
Care  
Expenses  
Worksheet**

(see reverse for  
partial list of  
eligible  
expenses)

<b>ELIGIBLE EXPENSES</b>	<b>ACTUAL LAST YEAR</b>	<b>ESTIMATED THIS YEAR</b>
Deductibles & Co pays		
Prescription Drug Co pays		
Dental & Vision Expenses		
Chiropractic, therapy, medical monitoring testing devices		
Other IRS eligible health care expenses such as over the counter drugs and other medically necessary items as supported by a physician note.		
<b>TOTAL</b>		

**Your  
Dependent  
Expenses  
Worksheet**

(see reverse for  
dependent  
definitions)

<b>ELIGIBLE EXPENSES</b>	<b>ACTUAL LAST YEAR</b>	<b>ESTIMATED THIS YEAR</b>
In home sitter		
Day care center or facility		
Nursery School		
Summer day care		
Before/after school care		
Home nurse for disabled or handicapped dependent		
Other dependent day care expenses		
<b>TOTAL</b>		

# H e a l t h C a r e E x p e n s e

- Acupuncture
- Ambulance hire
- Artificial limbs/Prosthesis
- Birth control pills
- Birth prevention surgery
- Braces
- Braille-books and magazines
- Chiropractor
- Companion animals for medical conditions
- Co-pays
- Crutches
- Deductibles
- Dental fees
- Dentures
- Diabetic Supplies
- Diagnostic fees
- Elective Surgery (not cosmetic)
- Fee of practical nurse
- Gym memberships (must be medically necessary)
- Handicapped persons special school
- Hearing devices and batteries
- Home improvements necessitated by health care needs
- Hospital charges
- Insulin
- Laboratory fees
- Massage Therapy
- Over the Counter Medications (no longer eligible without a statement of medical necessity from licensed healthcare provider)
- Medical monitoring and testing devices
- Mental Health costs
- Naturopathic Doctor Obstetrical expenses
- Orthodontia
- Orthopedic shoes
- Oxygen
- Physician fees
- Psychiatric care and Psychologist fees
- Removal of lead bas paint for children with lead poisoning
- Routine physical and other non-diagnostic services and treatments
- Seeing-eye dog and it's upkeep
- Special deaf communication equipment
- Special education for the blind
- Surgical fees
- Therapeutic care for drug and alcohol treatment
- Therapy treatments
- Transportation expenses primarily for receipt of medical services
- Vision Care (Eyeglasses, Contact Lenses and their upkeep, Prescription Sunglasses, Non-prescription reading glasses, Laser eye surgery and examination fees)
- Wheelchair
- Wigs
- X-rays

Dependents eligible for **Dependent Care** include both dependent children and dependent adults such as a parent or grandparent. Expenses for a child or children under age 13 who live in your home at least 50% of the time and for whom you provide at least 50% of their support are reimbursable.

Adult dependents must meet all of the following criteria for expenses to be eligible for reimbursement:

- Be physically or mentally unable to take care of himself/herself.
- Be residing in your home and meeting the federal income guidelines.
- Be dependent on you for support.
- Be listed as a dependent on your federal income tax return.

# D e p e n d e n t C a r e R u l e s