

---

DEPENDENT CARE  
FLEXIBLE SPENDING  
ACCOUNTS  
(FSA)

---



## FLEXIBLE SPENDING ACCOUNTS

### Plan Details

<b>Administrator:</b>	PlanSource Local Phone: (612) 256-0854 Toll Free Phone: (866) 546-9134
<b>Plan Year:</b>	July 01 – June 30
<b>Employee Eligibility:</b>	Must be working 20 hours per week or more
<b>Waiting Period for Enrollment:</b> <i>(Time employee must wait before being eligible to enroll)</i>	First day coinciding with or following the date you met eligibility requirements
<b>Initial Enrollment Period:</b> <i>(Time frame after the waiting period during which employee must enroll)</i>	30 days
<b>Coverage Termination Date upon loss of Eligibility:</b>	Date of termination
<b>Maximum <u>Annual</u> Dependent Care FSA Election:</b>	\$5,000 (\$2,500 if married but filing separately)
<b>Pre-Tax Premiums Account:</b> <i>(For health care and dental insurance premiums)</i>	Premiums for Employer sponsored insurance plan are automatically withdrawn from your paycheck on a pre-tax basis.
<b>Flex Run-Out Period:</b> <i>(This is the number of days after the end of the plan year you have to file a claim that was incurred within the plan year)</i>	90 days
<b>Claims Grace Period:</b> <i>(This is the time period after the end of the plan year during which you may incur claims. Claims incurred during this time period must be submitted for reimbursement before the end of the Flex Run-Out Period)</i>	2 ½ months after the end of the plan year

## FLEXIBLE SPENDING ACCOUNTS

# Commonly Asked Questions

---

### What is an FSA?

The FSA benefit is a plan that allows you to pay for certain unreimbursed expenses prior to income tax calculations.

### What is the advantage of participating in an FSA?

By contributing to the plan you reduce your Federal and State income taxes as well as your FICA or Social Security Taxes. These tax savings mean additional disposable income for you from each of your paychecks.

### How are the rules for FSA's determined?

The IRS determines the rules and regulations for FSA's. All FSA's must meet one of the following IRS Code Sections: 125 (Pre-Tax Premiums), 105 (Health FSA), 129 (Dependent Care FSA).

### When can I enroll?

You can enroll during your initial enrollment period. You can also enroll during your company's annual open enrollment period, which is typically during the 1-2 months prior to your employer's Plan Year Anniversary Date (you will be notified with exact dates). **Elections are irrevocable**; the ONLY other opportunity you may have to make or change an election is if you experience a Family Status Change.

### What is a Family Status Change?

Under the federal government a "change in status" allows you to change your elections during the plan year if the change is due to and consistent with any of the following events:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a spouse or child
- Commencement or termination of you or your spouse's benefit eligibility
- \*A significant change in you or your spouse's healthcare coverage due to your spouse's employer \*(applies only to your Pre-tax premium deductions)
- Taking an unpaid leave of absence by you or your spouse
- Dependent satisfies or ceases to satisfy dependent eligibility requirements

Status Change forms are available by contacting either PlanSource or your employer's benefit contact. When you have a Status Change and wish to make election changes, you MUST return the Status Change form within 30 days of the occurrence of the change in status.

### To which of the plans does the Family Status Change rule apply?

The Family Status Change rule applies to the pre-tax plans including but not limited to; \*Pre-tax premium deductions, Health FSA and Dependent Care FSA.

### Will participating in a pre-tax plan reduce my future Social Security retirement benefits?

Converting pay to a Flexible Spending program may have an effect on the benefits you and your family will receive from Social Security. The formula used in determining your Social Security benefit takes into account your W-2 wages, which are lowered by your pre-tax elections. However, for most people the reduction is minimal, particularly when compared to the tax savings they enjoy through participation in the plan.

**This summary is only an outline of general information. It is not a contract for coverage. Please refer to your summary plan description or certificate for detailed information.**

## FLEXIBLE SPENDING ACCOUNTS

# Commonly Asked Questions continued

---

### How do I get information regarding my Flexible Spending Account?

Go to <https://corporatehealthsystems.lh1ondemand.com/Login.aspx> to view your account's claim history, account balance and payment history. Claim forms can also be printed from the website. Enter your login ID (ssn without dashes) and password (changeme) to access your account. Your account information can only be accessed with these codes. You can also contact your PlanSource Benefit Administrator. To view additional frequently asked questions please go to <https://www.corphealthsys.com/fsa/index.php> and open the LINKS tab.

### What are the steps for employee participation in the plan?

1. Once you have made an election, pre-tax payroll deductions will be taken from your paycheck evenly divided by the number of payrolls in a year (or remaining in the year) and applied to the account(s) in which you have chosen to participate. Accounting is maintained separately for each account.
2. You incur an expense (example: you have an office visit co-pay).
3. You submit a claim for the expense by completing a "Request for Reimbursement" claim form and supplying the appropriate documentation to PlanSource.
4. Your claim is verified for eligibility by PlanSource staff according to the IRS regulations.
5. If your claim is denied for any reason, a copy of your claim form and directions as to what is needed or an explanation of denial (i.e. duplicate claim) is sent to you.
6. PlanSource reimburses you according to your employer's reimbursement schedule (see your employer's reimbursement schedule located in this section).

### How do I submit a claim?

Complete a Request for Reimbursement claim form and submit **itemized receipts** for each line you have filled out. Receipts must include the following information:

- Nature of the expense – the specific service that was provided (not payment on accounts)
- Date of service – when the service happened (not when the service was paid for)
- Person receiving service (can be an eligible dependent)
- Amount of the service
- Name of the provider – clinic name and/or doctor's name and address

If any of these requirements are not met, the line missing the documentation cannot be paid until the corrected portion is received. All other lines with correct documentation will be paid. The IRS regulates the requirements for documentation.

NOTE: Eligible Over-the-Counter Drugs are reimbursable with a written prescription from your doctor and a valid cash register receipt that includes the date of service, cost and name of the drug.

Claim forms and documentation must be mailed or faxed to:

PlanSource  
701 Xenia Avenue S  
Minneapolis, MN 55416  
Fax: (407) 386-9134

You now have the ability to enter your claims via the PlanSource Website, <https://corporatehealthsystems.lh1ondemand.com/Login.aspx>. Simply log into your account, click on "File A Claim", complete all applicable fields, and click on the submit button. Once you have submitted your claim, you can either upload your receipt and email or simply fax your receipt for review. Step by step instructions will be included with your confirmation mailing if you choose to enroll in the flexible spending accounts.

**This summary is only an outline of general information. It is not a contract for coverage. Please refer to your summary plan description or certificate for detailed information.**

## FLEXIBLE SPENDING ACCOUNTS

# Commonly Asked Questions continued

---

**If I submit a claim during the Grace Period, does PlanSource determine which expenses are paid from the old plan year and which expenses are paid from the new plan year?**

No. PlanSource will process claims as they are received. It is important for you to submit all expenses you wish to have reimbursed from your prior year's account balance **before** you submit new plan year expenses. PlanSource will NOT be able to reprocess claims. For example: You submit an expense incurred *during* the grace period and this claim reimburses all remaining prior year funds. At a later date you submit an expense incurred *prior* to the grace period. This claim will be denied because no funds remain in your prior year's account.

**What happens to money I do not use by the end of the plan year?**

If you do not have claims that equal or exceed the amount of your annual election, you will forfeit your remaining account balance at the end of the plan year or subsequent Claims Grace Period (if applicable).

## FLEXIBLE SPENDING ACCOUNTS

# Plan Specific Commonly Asked Questions

---

### PRE-TAX PREMIUMS

~Allows you to pay health and dental premiums on a pre-tax basis.

#### **How are my premiums taken out of my paycheck?**

Your employer will automatically take your health and dental premium contribution(s) out of your check on a pre-tax basis unless you notify them otherwise.

### DEPENDENT CARE FSA

~Allows you to fund your un-reimbursed dependent care expenses on a pre-tax basis.

#### **When is my Dependent Care FSA election available to me for reimbursement?**

You can only be reimbursed for money, which you have already contributed to your account. Since your annual election is divided and deducted evenly over the number of payrolls in a year (or remaining in the year) it is likely that you may not have contributed an amount equal to your Dependent Care claim. When this happens, PlanSource will reimburse you up to the amount contributed, pending the remaining amount until you have made further contributions. The remainder of the claim, up to the deposited amount, will be paid out automatically until the entire claimed amount has been reimbursed.

#### **How does participating in Dependent Care FSA affect my ability to claim these expenses on my personal tax return?**

You may use a combination of Dependent Care FSA and the Federal Child Care Tax Credit, but you are limited by the maximum as defined under the Federal Child Care Tax Credit. Participation in a Flexible Benefit Plan may affect your Earned Income Credit amount.

**This summary is only an outline of general information. It is not a contract for coverage. Please refer to your summary plan description or certificate for detailed information.**

## FLEXIBLE SPENDING ACCOUNTS

# Eligible Dependent Care FSA Expenses

---

### **For which expenses can I use the Dependent Care FSA?**

You may use the Dependent Care FSA to pay for childcare or other dependent care services if you meet the following criteria:

- You need to pay for childcare or other dependent care services in order to be gainfully employed.
- You need to pay for the care of a mentally or physically incapacitated dependent or spouse to be gainfully employed.

### **Are there any requirements pertaining to the Dependent Care FSA?**

Yes. Childcare or dependent care services will qualify for reimbursement under the plan if they meet the following requirements:

1. If you are married, the services must be provided to enable both you and your spouse to be employed, unless one spouse is a full-time student at an educational institution and the other is employed full time.
2. The amount to be reimbursed must not be greater than either you or your spouse's income; whichever is lower.
3. The child must be under 13 years old, or, if older, mentally or physically incapable of caring for herself or himself.
4. The services may be provided inside or outside your home, but not by someone who is your dependent for income tax purposes, such as an older child, your spouse, or a grandparent who lives with you.
5. If childcare is at a daycare center, the center must comply with all state issued rules and regulations.
6. You may also use the Dependent Care FSA to pay for expenses for care of a mentally or physically incapacitated dependent or spouse if such care is necessary to enable you to work.

### **Are Kindergarten expenses eligible for reimbursement under the Dependent Care plan?**

No, the IRS has stated that no Kindergarten expenses are eligible for reimbursement. They are considered to be educational in nature rather than dependent care.

**This summary is only an outline of general information. It is not a contract for coverage. Please refer to your summary plan description or certificate for detailed information.**

## FLEXIBLE SPENDING ACCOUNTS

# Sample Case of Benefits Taken Pre-Tax vs. After-Tax

---

The following is an example of how Flexible Spending Accounts affect your taxes and can boost your take-home pay.

The following example shows the effect of paying for eligible benefit expenses AFTER-TAX (salary deduction) compared to paying for benefits PRE-TAX (salary reduction). This example is based on monthly gross pay of \$2,000 for a married person claiming two exemptions (2017 tax tables). They figure their monthly day care is \$200, their annual health and dental bills are around \$120 or \$10 per month and their monthly medical contribution is \$50.

	<b>Benefits Taken <i>WITH</i> FLEXIBLE BENEFITS (Pre-tax)</b>	<b>Benefits Taken <i>WITHOUT</i> FLEXIBLE BENEFITS (After-tax)</b>
Gross Wages	\$2,000.00	\$2,000.00
Benefits Paid Before Taxed:		
Health Premiums	\$50.00	\$0.00
Dependent Care	\$200.00	\$0.00
Medical Spending Account	\$10.00	\$0.00
Taxable Wages	<b>\$1,740.00</b>	<b>\$2,000.00</b>
Taxes:		
Social Security Tax	\$133.11	\$153.00
Federal Tax	\$38.00	\$66.00
State Tax	\$29.00	\$44.00
Benefits Paid After Tax:		
Health Premiums	\$0.00	\$50.00
Dependent Care	\$0.00	\$200.00
Medical Spending Account	<u>\$0.00</u>	<u>\$10.00</u>
Take Home Wages	<b>\$1,539.89</b>	<b>\$1,477.00</b>

By paying these expenses *PRE-TAX*, take-home pay is \$62.89 per month higher or \$754.68 annually.

FLEXIBLE SPENDING ACCOUNTS

# Dependent Care Expenses Worksheet

In determining whether to participate in the Dependent Care Flexible Spending Account, you should consider the dependent care Income Tax Credit. Whether the tax credit or the spending account is more advantageous is dependent upon each individual's tax situation.

The Dependent Care Income Tax Credit and the Dependent Care Flexible Spending Account interact with various other tax laws concerning items of income, losses, deductions and credits. Consult a tax advisor for more information regarding your individual tax situation.

**Taking the Income Tax Credit on Form 1040:**

- Your Annual Eligible Expenses:  
(\$3,000 maximum for 1 child;  
\$6,000 maximum for 2 or more children) \$ \_\_\_\_\_ / Year
- Your Tax Credit Percentage:  
(use chart below to determine percentage) x \_\_\_\_\_ %

<b>Adjusted Gross Income</b>	<b>Credit %</b>	<b>Adjusted Gross Income</b>	<b>Credit %</b>
\$0 - \$15,000	35%	\$29,001 - \$31,000	27%
\$15,001 - \$17,000	34%	\$31,001 - \$33,000	26%
\$17,001 - \$19,000	33%	\$33,001 - \$35,000	25%
\$19,001 - \$21,000	32%	\$35,001 - \$37,000	24%
\$21,001 - \$23,000	31%	\$37,001 - \$39,000	23%
\$23,001 - \$25,000	30%	\$39,001 - \$41,000	22%
\$25,001 - \$27,000	29%	\$41,001 - \$43,000	21%
\$27,001 - \$29,000	28%	\$43,000 or higher	20%

- Your **Estimated** Tax Credit Savings: \$ \_\_\_\_\_ / Year

**Using the Dependent Care (Section 125) Flexible Spending Account Plan:**

- Your Annual Dependent Care Expenses (\$5,000 maximum): \$ \_\_\_\_\_ / Year
- Your Tax Savings Percentage:  
(7.65% FICA + federal tax percentage from the chart below) x \_\_\_\_\_ %

<b><u>Head of Household</u></b>		<b><u>Married, Filing Joint</u></b>	
<b>Adjusted Gross Income</b>	<b>Tax %</b>	<b>Adjusted Gross Income</b>	<b>Tax %</b>
\$0 - \$9,800	10%	\$0 - \$22,600	10%
\$9,800 - \$31,500	15%	\$22,600 - \$66,200	15%
\$31,500 - \$69,750	25%	\$66,200 - \$120,750	25%
\$69,750 - \$151,950	28%	\$120,750 - \$189,600	28%
\$151,950 - \$328,250	33%	\$189,600 - \$333,250	33%
\$328,250 and higher	35%	\$333,250 and higher	35%

- Your **Estimated** Section 125 Flexible Spending Account Savings: \$ \_\_\_\_\_

This worksheet is provided for informational purposes only. PlanSource does not guarantee its accuracy nor do we provide legal or accounting advice. If you have questions about participating in this plan, consult your attorney or tax advisor.