

FLEXIBLE SPENDING ACCOUNT OPEN ENROLLMENT



That's right, you can pay less in taxes and increase your take-home pay by signing up for a Healthcare FSA, a Dependent Care FSA, or both.

A healthcare Flexible Spending Account (FSA) allows you to set aside money for unreimbursed healthcare expenses on a pre-tax basis. A dependent care FSA allows you to do the same, but for dependent care expenses. As you incur eligible expenses throughout the year, you can be reimbursed with tax-free dollars from your spending account.

1. Let's say you earn \$3,000 a month.
2. That means you pay about \$980 in Federal and Social Security taxes (assuming a 32.67% rate).
3. Now let's say you decide to contribute 5% or \$150 per month to your FSA account(s).
4. That drops your taxes by 5% to \$931—a savings of \$49 per month.
5. You essentially get a raise by increasing your take-home pay.
6. You get \$588 more in your take-home pay each year!
 $\$49 \times 12 = \588 a 1.6% increase

Using your healthcare and/or dependent care FSA account is even easier with a convenient debit card (if available with your plan), secure Employee Portal and Mobile Application that lets you see your balance, view statements and see alerts about required actions.

Here are just a few examples of qualified expenses:

Healthcare FSA

Most physician and Hospital Expenses • Allergy Treatments • Dental Work • Orthodontia • Chiropractic Fees • Glasses or Contact Lenses • Laser Eye Surgery • Mental Health Counseling • Sleep Disorder Treatments • Vaccines

Dependent Care FSA

Child (under age 13) or elderly dependent daycare inside or outside the house (no overnight or nursing home expenses) • Day Camps • Nanny Expenses • Licensed Preschool or Daycare Expenses • Unlicensed Daycare for six or fewer children

Individual Premium FSA

COBRA Premiums • Individual disability premiums • Child Health Plus Premiums • College Health Fees

Adoption Assistance FSA

Travel Expenses • Attorney Fees • Court Costs

For a complete list of eligible expenses visit our website, www.proflextpa.com or consult IRS Publication 502.

The Pro-Flex Payment Card



What is the Payment Card?

The MasterCard Debit Card is a convenient debit card that can simplify the process of paying for eligible expenses. It is an alternative to the traditional method of filing claims. You can use the card at qualifying merchant locations wherever MasterCard is accepted – from physician and dental offices to pharmacies and vision service locations.

Exactly what is the convenience of the Payment Card?

The Payment Card allows you to pay for eligible expenses at the point of service:

- Immediate access to your FSA account – you avoid paying with cash or check
- Immediate payment of the expense – you avoid waiting for a reimbursement check

Although there is no requirement for you to complete claim forms with the Payment Card, additional documentation may be required in some cases to meet IRS guidelines. Therefore, you must keep copies of all receipts and itemized statements (not the credit card receipt) for each purchase.

Frequently Asked Questions

Is this process paperless?

No. Although there is no requirement to complete claim forms, additional documentation may be required in some cases. Therefore, you must keep copies of all receipts and itemized statements (not credit card receipts).

What type of additional information may be required?

This includes cash register receipts for items such as hearing aid batteries or contact lens solution, bills or statements from your healthcare provider for vision or healthcare expenses and pharmacy receipts for prescription drugs. Credit card receipts are not acceptable.

**For additional frequently asked questions, visit
www.proflextpa.com.**

Important Items to Remember

Annual Election:

Once enrolled, you may not change your annual election amount. According to IRS regulations, you may only change your elections at the beginning of each plan year unless you experience a change in your family status. A change of family status may include marriage, divorce, birth, adoption, death or a loss of spouse's employment.

Changes in the contribution amount must be consistent with the change in your family status. For example, if you gain a dependent, you increase your contribution, if you lose a dependent, you decrease your contribution. Please contact your Human Resource Department if you experience a change in status.

Any reduction in your taxable pay for Social Security purposes may also lead to a reduction in your Social Security benefits. For most employees this reduction is insignificant compared to the value of paying lower taxes today.

The amount of money you save in taxes depends in part on the elections you have made. You should carefully estimate the total amount you elect to set aside in your account. With the "Use it or Lose It" rule, any monies taken pre-tax must be used in the plan year to pay for qualified, elected benefits or they will be forfeited. Please use the personal worksheet in this brochure to help estimate your election.

Certain plans allow for the rollover of unused Medical FSA funds at the end of the plan year. Funds will rollover automatically, and can be made available for use in the following plan year. Please check with your Plan Administrator for more information on whether this provision applies to your FSA Plan.

Claims Submission:

If you are filing a paper claim for the Health Care Reimbursement Account, you must first file the claim with your insurance carrier, if the service is covered under your contract. All receipts and Explanation of Benefits statements must include the date of service, services rendered and the provider and patient's name. Cancelled checks are not acceptable in lieu of a receipt. Previous balances are also unacceptable in lieu of an itemized statement.

Dependent care receipts must include your dependent's name and the time period you are paying. You will be provided with claim forms that must be completed and returned with your receipts. You may fax or mail your claims.

All claims must be incurred during your plan year to be eligible for reimbursement. You will have a defined period of time after the end of the plan year to submit receipts that were incurred during the plan year.

When submitting a healthcare reimbursement claim, you will be reimbursed the total amount for that claim up to the total annual plan year election amount, regardless how much is in your account at that time.

For a dependent care claim, individual health/disability premium and adoption assistance plan, you will be reimbursed the amount on your claim up to the total amount in your account at the time the claim is submitted. If the claim cannot be paid in full, the system will reimburse you as the money accumulates in your account. There is no need to resubmit your claim.

DIRECT DEPOSIT SAVES TIME!

Eliminate the hassle of manual checks and have your reimbursements deposited for you directly into your account. No more waiting for the mail or wasting time at the bank. Let us do the work for you.

Sign up for direct deposit TODAY to get your reimbursement faster. This service is FREE!

We have designed this worksheet to help guide you in estimating your expenses for the plan year. Your final annual commitment election is based on your personal situation.

You cannot begin, suspend, increase or decrease your contribution during the plan year unless your family status changes. Changes must be made within 30 days of the qualifying event. Eligible expenses include any expenses considered deductible by the IRS for Federal income tax purposes.

Anticipated Medical Expenses

| | | | |
|------------------------|----------|-----------------------------|----------|
| Copays | \$ _____ | Crowns, Caps, Bridges | \$ _____ |
| Deductibles | \$ _____ | Chiropractic Care | \$ _____ |
| Orthodontia | \$ _____ | Eye Exams | \$ _____ |
| Prescription Drugs | \$ _____ | Hearing Aids | \$ _____ |
| Dental Exams/Cleanings | \$ _____ | Contact Lens Supplies | \$ _____ |
| X-ray or lab fees | \$ _____ | Contact Lenses | \$ _____ |
| Other | \$ _____ | Rx Eyeglasses or Sunglasses | \$ _____ |

TOTAL ESTIMATED MEDICAL EXPENSES \$ _____

Anticipated Daycare Expenses

| | |
|--------------------------------|-------------------------|
| Babysitters \$ _____ | Nursery School \$ _____ |
| After-school Programs \$ _____ | Elder Care \$ _____ |
| Day Camp \$ _____ | |

TOTAL ESTIMATED DAYCARE EXPENSES \$ _____

Anticipated Premium Expenses

| | |
|--|------------------------------|
| Non-employer sponsored health insurance \$ _____ | College Health Fees \$ _____ |
| Non-employer sponsored disability insurance \$ _____ | |

TOTAL ESTIMATED PREMIUM EXPENSES \$ _____

Anticipated Adoption Expenses

| | |
|---|--------------------------|
| Reasonable and Necessary Adoption Fees \$ _____ | Travel Expenses \$ _____ |
| Court Costs \$ _____ | |

TOTAL ESTIMATED ADOPTION EXPENSES \$ _____

When can I submit a claim?

Claims Reimbursement FAQs

Claims can be submitted for reimbursement for qualified expenses incurred during the plan year. Each plan allows for a “run-out” period at the end of the plan year where claims incurred during the plan year can be submitted.

(Refer to your plan summary for the “run-out” time period allowed.)

Remember that reimbursements are based on when the service is provided, not when the service is billed or paid.

When can I enroll?

You can only enroll in the plan annually at open enrollment or when you become newly eligible. Your employer will notify you each year when it is time to enroll.

If I choose not to enroll at initial enrollment, when can I enroll?

You can enroll during your open enrollment period next year, unless you have a change in family status.

How do I submit my request for reimbursement?

Fax claim to (716) 929-2013 or toll free to 1-855-214-8987 using a claim form with service documentation

Mail claim to:

Pro-Flex Administrators, LLC
8321 Main Street
Williamsville, NY 14221

Whether you are faxing or mailing a claim to Pro-Flex, make sure to include all the evidence of your expense (i.e., receipts, explanation of benefits, etc.)

If I terminate employment can I still file a claim?

Yes, you can file claims for qualified expenses on services received prior to the date of termination through the run out of the plan year. Each plan run out period is different, check with your HR/Benefits department for details.

Do I have to enroll in my employer's health plan to participate?

No, enrollment in other group plans is not required to participate.

How does Pro-Flex Administrators, LLC reimburse me?

The quickest way to receive your money is by direct deposit to your personal checking or savings account.

You can sign up for direct deposit by completing and submitting the direct deposit authorization agreement available at www.proflextpa.com, or by logging into the Employee Portal and populating your bank account information on the “Profile” tab.

You can also receive your money via check mailed to you at home. Once enrolled in direct deposit, all deposits are made via direct deposit until we are notified otherwise.

What is the maximum amount I can be reimbursed?

Medical, dental, vision expenses will be reimbursed based on the total amount indicated on the claim request.

Dependent care, individual premium and adoption expenses will be reimbursed based on the amount indicated on the claims request up to the total amount in your account (payroll deducted) at the time the claim is received. Total amounts must not exceed your plan-year election amount and must be submitted with appropriate documentation to verify eligibility of expenses.

(Minimum check reimbursement amount is \$25.00)

How will I know the status of my account?

Each reimbursement check you receive will include an account summary. You will receive an annual statement for your account electronically, if you provide Pro-Flex with your email address. You can also access your account information anytime by visiting www.proflextpa.com



Get More from Your Dependent Care FSA

Your out-of-pocket dependent care expenses don't have to be a big hit on your budget. Contributing to this type of account reduces taxable income and spreads the benefits of pre-tax dollars throughout the year, helping you save 30 percent or more on your dependent care costs.

Use your Dependent Care Flexible Spending Account (DCFSA) to cover these expenses—plus save using pre-tax dollars. Below are examples of IRS-qualified eligible expenses.

Dependent Care Expenses

- Babysitting (work related) Before- or after-school programs
- Licensed nursery schools
- Qualified childcare centers
- Custodial elder care (work-related)
- Elder care (while you work, to enable you to work, or to look for work)
- Sick childcare
- After school programs
- Summer camps for dependent children under age 13
- Preschool tuition

This list is not meant to be all-inclusive. For a complete list of qualified dependent care expenses see [IRS Publication 503](#).



Save Hundreds of Dollars Every Year

How much you save is up to you. Decide how much to contribute to your Dependent Care FSA, and funds are withdrawn from your paycheck *before taxes*.

The IRS sets the annual contribution limits for Dependent Care FSAs. You can contribute up to the maximums listed below:

| Dependent Care FSA | 2021 |
|---|---------|
| Maximum Annual Contribution Limit; married and filing jointly or single parent | \$5,000 |
| Maximum Annual Contribution Limit; married and filing separate | \$2,500 |

Your maximum contribution may not exceed these earned income limitations:

- If you are single, the earned income limitation is your salary, excluding contributions to your Dependent Care FSA
- If you are married, the earned income limitation is the lesser of your salary, excluding contributions to your Dependent Care FSA, or your spouse's salary
- The current maximum contribution is *\$5,000 per year for each household. So, even if both you and your spouse have a Dependent Care FSA available through your individual employers, you can only contribute \$5,000 total to one or across both accounts.

A different limit may apply to you according to your employer's plan.

**Annual contribution limit for 2021.*

Some Things to Note

- FSAs are use-it-or-lose-it accounts. The funds you contribute don't roll over from year to year. If you and your partner's childcare plans change, then you may be out that money.
- You'll need to make sure all of your expenses qualify. This means tracking receipts, reimbursements, and other qualifying costs associated with your childcare and making sure that all childcare services you use are eligible for the funds in a Dependent Care FSA.

Start Saving

Sign up during your Open Enrollment period or contact your benefits manager now for more information.

Frequently Asked Questions about your FSA with Rollover



1. What is a Flexible Spending Account (FSA)?

An FSA is an employer-sponsored plan that allows to deduct dollars from your paycheck and deposit them into a special account that's protected from taxes. FSA accounts are exempt from federal taxes, Social Security (FICA) taxes and, in most cases, state income taxes. The money in an FSA can be used for eligible health and/or dependent care expenses that are incurred while you are participating in the plan.

2. When does my FSA become effective?

Your FSA becomes effective **on the date you enroll**. Unlike other plans, an FSA **does not** start on your hire date. Contributions to your account begin as soon as administratively possible after you enroll.

3. How do I participate in an FSA?

To participate, you must enroll within 31 days of your date of hire, or elect to participate during annual Open Enrollment. If you have a life event change (for example, birth or adoption of a child), then you may be able to enroll without waiting for annual Open Enrollment, if you enroll within 31 days of the change.

4. Who can put money in my FSA?

You and your employer, although employers rarely contribute to employees' FSAs.

5. What does it mean to incur expenses?

The IRS considers expenses to be "incurred" at the time you receive medical care or dependent care--not when you are formally billed or actually pay for services. Only eligible expenses you incur within the plan year, including any employer-allowed grace period, are eligible for reimbursement.

6. Who qualifies as an eligible dependent?

An eligible dependent is any dependent for which an employee pays a provider to care for him/her while they are at work or looking for work. The dependent must be under the age of 13 or incapable of taking care of themselves, and live in the employee's home for more than half of the year.

7. How often can I request reimbursements?

Reimbursements can be requested as often as qualified expense are incurred. Expenses must be incurred during the plan year and the reimbursement must be requested before the end of the run-out period (or grace period if applicable).

8. What happens if I have money remaining in my account at the end of the year?

On March 27th, 2020, the U.S. Department of Treasury changed the policy on remaining funds in FSA's. You are now able to roll over remaining funds into your next plan year up to 20% of the IRS Maximum. For 2020 plans, you may rollover up to \$550! This rollover means enrollment in an FSA is much less risky. This gives you more flexibility to spend your FSA money when you need it. You can use it for necessary out-of-pocket healthcare expenses, rather than feeling pressured to engage in last minute and potentially unnecessary spending at the end of the year or grace period.

9. Can I change my election or stop contributing money to my FSA at any time during the plan year?

Frequently Asked Questions about your FSA with Rollover

Federal regulations state that once you have enrolled in an FSA, you cannot change your election amount unless you have a qualifying life event. Your employer can give you a list of permitted change events.

10. How much will I really save in taxes by contributing to an FSA?

Generally, contributions you make to your FSA are not subject to federal or social security taxes. In most instances, there are no state taxes taken out either. The amount you may save depends upon:

- The amount you put into your FSA
- The tax percentage you would normally pay on that money (tax bracket)

Let's say you want \$2,000 taken out of your paycheck this year to put into your FSA. The money you direct to your FSA is taken out of your check before taxes are taken out. That reduces your taxable income by \$2,000. Let's say you normally pay 30 percent in federal, social security and state taxes on your income. In this example, you would enjoy a tax savings of 30 percent of the \$2,000. In other words, you could get a \$600 tax savings on the \$2,000 you directed to your FSA. Plus the new rollover feature assures that any unused balance of up to \$500 will still be there for you in the next plan year.

11. What type of flexible spending plans are there?

Health Care FSA: Covers medical, prescription, dental and vision expenses

Dependent Care FSA: Covers dependent care expenses including daycare, nursery school and day camp for children, and services for adult dependents who cannot care for themselves

Limited Health Care FSA: Covers dental and vision expenses only (for compliance with a health savings account)