



COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT PARTICIPATION IN A FLEXIBLE SPENDING ARRANGEMENT

What is a Flexible Spending Arrangement Program (“FSA”)?

A Flexible Spending Arrangement, sometimes referred to as a Flexible Spending Account, is an easy way to lower your taxes and increase your spendable income. With a Flexible Spending Account, you set aside part of the money you earn each year before taxes are calculated. Then, that money is paid back to you as reimbursement for health care and/or dependent care expenses that you incurred and have to pay out of your own pocket.

How is that going to lower my taxes?

Payments are made to you from your Flexible Spending Account with no deductions for taxes. Since the money was deposited before taxes, and paid to you tax free, you reduce your taxable income, which in turn lowers your taxes for the year. It is possible for a Flexible Spending Account program to result in an increase of hundreds and in some cases, thousands of dollars in spendable income each year.

Does this reduction of my taxable income affect any other company benefits?

The amounts payable under other benefit plans (such as life and long term disability insurance, and Workers Compensation Benefits) are based upon the definition of compensation in those plans. While these benefits are not normally affected by participation in this plan, you should check with your employer.

What kinds of expenses qualify for a Flex Account?

You can establish two different types of separate Flexible Spending Accounts; one for medical care expenses and one for dependent care expenses. Generally, amounts paid for medical, dental and vision care (defined as amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body), or any expense that qualifies for the federal dependent care tax credit will qualify for under these accounts. Health care insurance premiums are not eligible for reimbursement. A comprehensive list of items eligible for reimbursement is available at www.wcif.net.

How do I make deposits to my Flex Account?

All deposits to Flex Accounts are through regular payroll deductions, taken out before taxes are withheld.

How do I receive reimbursements from my Flex Account?

You must complete a claim form online (or on paper) and submit it to BSI. For each claim, you must indicate the person who provided the service, the date the service was provided, and the amount. You must also include documentation (copies of itemized receipts, statements, etc.) for each service. You can file claims for yourself, your spouse, and any eligible dependents.

How long will it take to get reimbursed when I submit claims?

BSI processes claim batches on Monday with funds released on Wednesday and then processes batches again on Wednesday with funds released on Friday. If you choose to have a paper check mailed, please allow 3-5 business days for your receipt of your reimbursement check.



How much will I receive when I submit a claim?

By law, the Medical Account and the Dependent Care Account work differently. For the Dependent Care Account, you will receive the lesser of the amount you submitted or the balance in your account at the time of reimbursement. If your balance is less, the unreimbursed amount will be reimbursed to you when you make another contribution of sufficient amount to your Dependent Care Account. For the Medical Account, you will receive the lesser of the amount you submitted or the amount you signed up for in your Health Account for the entire plan year, minus any previous Medical reimbursements you received during the plan year.

OK, so what's the catch?

Because of the substantial tax benefits involved, the IRS has established numerous rules that apply to Flexible Spending Accounts. You must determine how much money you are going to deposit in your Flexible Spending Accounts for an entire year before the start of each year. This is a critical decision for the following reasons:

1. Once you've committed an amount to your Flexible Spending Accounts, you cannot change these amounts during the plan year unless you experience a major change in your job or family status.
2. You cannot use a balance from a Medical Account to pay for Dependent Care expenses, or vice versa.
3. Money allocated to a Flexible Spending Account for a plan year can only be used for expenses incurred during that plan year. Federal law requires that unused funds be forfeited at year end. However, some plans allow for a grace period in which you are able to incur expenses for unused funds from the prior plan year. Any unused amounts at the end of the grace period will be forfeited. Please see your Summary Plan Description to see if your plan has implemented a grace period.

What about claims incurred late in the year?

It is understood that sometimes when you incur expenses late in the year (or during your grace period, if allowed by your plan), it takes some time for those expenses to be processed. That's why you will be given an extension period after the close of each plan year in order to get all of your claims in for the preceding plan year. The length of the extension period will be specified in other materials provided to you.

What happens to my Flex Account if my employment ends during the year?

You may continue to submit claims for eligible dependent care expenses to your Dependent Care Account for the remainder of the plan year regardless of whether such expenses were incurred before or after your date of termination. You may continue to submit claims to your Medical Account for the remainder of the plan year for claims incurred prior to your date of termination. For medical claims incurred after date of termination you need to continue contributions through COBRA in order to use your Medical Account.

Do I have to sign up each year?

Yes. Your Flexible Spending Account elections automatically stop at the end of each plan year. You must sign up each plan year, even if you don't change your elections.

When must I decide how much money to allocate to my Flexible Spending Accounts?

You must submit your enrollment form to Human Resources, indicating your Flexible Spending Account elections for the coming plan year no later than the deadline established by your employer, which must be before the start of the new plan year.



Will the Flexible Spending Accounts affect my future Social Security Benefit?

Since your Flexible Spending Account deposits reduce the gross wages upon which your FICA taxes are paid, it is possible that the ultimate amount of Social Security payment you receive could be affected, but any such impact is normally minimal. Please review the form entitled "Percentage of Primary Social Security Benefit "Lost" As A Result of Participating in Flexible Spending Program" for more information.

Am I required to use a Flexible Spending Account?

No. Your participation in this benefit program is completely voluntary. However, because they result in lower taxes, nearly everyone can save money with a Flexible Spending Account.

Can I request reimbursement of Medical expenses and also deduct the same expenses on my income tax return?

No. You can use the Flexible Spending Account or the itemized deduction, but not both for the same expense.

Can I request reimbursement of Dependent Care expenses and use the federal income tax credit for the same expenses?

If you use the federal income tax credit, your qualified expenses must be reduced by any Dependent Care reimbursement from a Flexible Spending Account. You should consult your personal tax advisor to determine the best approach for you.

How do I access my account information?

You can access your account information by logging on to the WCIF website at www.wcif.net and clicking on FSA Login for members at the lower right corner. You will be able to submit and view your claims, your payments, and your account balance. Forms can also be printed from this site. If you wish to speak to your BSI Representative, you can call BSI at Local: 206-859-2664 or Toll Free: 888-759-2664 between 8:30 a.m. and 5:00 p.m. Pacific Time.

How can I sign up?

Just complete the enrollment form and turn it in to your employer. Remember, you must enroll by the enrollment deadline in order to be accepted for the plan year.

Contact Information
Benefit Solutions, Inc. (BSI)
Consumer Driven Health Plan Department (CDHP)
P.O Box 6 Mukilteo, WA 98275
Toll Free: 888-759-2664 | Local: 206-859-2694 | Fax: 866-727-2106
flexspending@bsitpa.com





BENEFIT SOLUTIONS, INC.

Employee Benefits Administration

Flexible Spending Arrangements (FSA) & Dependent Care Assistance Programs (DCAP)

ENROLL NOW AND SAVE!

That's right. You can pay less in taxes and increase your take-home pay by signing up for a healthcare **Flexible Spending Arrangement (FSA)** and/or a **Dependent Care Assistance Program (DCAP)**.

A healthcare **Flexible Spending Account (FSA)** allows you to set aside money for out-of-pocket healthcare expenses on a pre-tax basis.

A **Dependent Care Assistance Program (DCAP)** allows you to set aside pre-tax dollars for dependent care expenses. These funds can be used for child-care expenses as well as expenses related to the care of any type of dependent.

Here's how the tax savings works:

	Before FSA	After FSA (\$150/month)
Annual Income	\$36,000.00	\$36,000.00
FSA contributions	\$0.00	\$1,800.00
New Taxable Income	\$36,000.00	\$34,200.00
Federal and SS Taxes (assuming a 32.67% rate)	\$11,760.00	\$11,172.00
Take-home pay	\$24,240.00	\$24,828.00
Annual Tax Savings	\$0.00	\$588.00

SAVE MONEY

Use tax free dollars for healthcare & dependent care expenses

- Prescriptions
- Co-payments and Deductibles
- Dentists and Orthodontists
- Over-the-counter products with a doctor's prescription
- Vision Expenses
- Child Care and Adult Care Expenses (DCAP)

SAVE TIME

With our easy and accessible online features

- Debit card used at point of sale
- On-line claim filing
- Direct deposit or check reimbursement
- 24/7/365 online access to account information
- One-click answers to benefit questions

Contact BSI to get started

Phone: 206.859.2694

Fax: 866.727.2106

Email: flexspending@bsitpa.com

SAVE PAPER

Go Green

- Our paperless summaries and ability to file claims online help protect the environment by using less paper.
- Using benefit debit cards to pay for claims reduce the need for filing paper reimbursement claims.

SAVE STRESS

Secure online account access

- Our world class security assures that your account information will be secure because access to accounts is encrypted and not based on your Social Security Number.

SIGNING UP IS EASY

Just 3 simple steps

- Review the Planning Worksheet to determine your estimated expenses for you and your eligible dependents.
- Fill out the FSA/DCAP Enrollment Form and select your annual election amount. You can figure out your monthly contribution amount by dividing your election amount by 12.
- Receive your benefit debit card in the mail at home and start using it immediately at any IIAS certified facility.

