

FBMC - Flexible Spending Accounts

FBMC's Web site provides information regarding your benefits and comprehensive details on your Flexible Spending Account(s). By entering www.myFBMC.com into your Internet browser, you will open FBMC's homepage. Answers to many of your Flexible Spending Accounts questions can be obtained by using the following navigational tabs located along the top portion of the home page.

Account Information

If you previously registered an e-mail address and password on FBMC's Web site, you may continue using this information. If you haven't registered, or if you registered prior to January 19, 2008, log in to the site as a first time user. Follow the link on the login page and register through the FBMC Premier Login. After this login, the following menu items will be available to you.

- Benefits- includes information on current benefits, such as effective date, number of deductions and pre-tax annual contribution
- Claims- provides information on open and current reimbursement claims such as date received, status and amount authorized
- Accounts - allows review of transactions from your current and previous plan years, including run-out period information, payment status and account availability
- Profile - helps you keep your personal information current, as well as manage your password and e-mail address
- Resources - gives you access to downloadable forms, such as FSA Reimbursement Requests and Direct Deposit forms, and FAQs

Downloading Forms

When you select the 'Download Forms' tab, a choice of forms, including a Letter of Medical Need, FSA Reimbursement Request Form and Direct Deposit Form, are posted for your convenience.

Frequently Asked Questions

The 'Frequently Asked Questions' tab provides answers to many of your general questions regarding Flexible Spending Accounts and enrollment information.

FBMC Customer Care Center

Clicking on the "Contact" tab gives you a direct link to the FBMC Customer Service Center.

FBMC Interactive Benefits

FBMC's 24-hour automated phone system, Interactive Voice Response (IVR), can be reached by calling 1-800-865-FBMC (3262). This system allows you to access your benefits any time. By following the voice prompts, you can find out a great deal of information about your benefits.

- Current Account Balance(s)
- Claim Status
- Mailing Address Verification
- Obtain FSA Reimbursement Request Claim Forms
- Change Your PIN

Personal Identification Number (PIN)

To access Interactive Voice Response (IVR) system, all you need is your Social Security number (SSN). The last four digits of your SSN will be your first PIN. After your initial login, you will be asked to

register and select your own confidential PIN to access this system in the future. Your new PIN cannot be the last four digits of your SSN, cannot be longer than eight digits and must be greater than zero. If you forget your PIN, call FBMC Customer Service at 1-800-342-8017

Note: Please be sure to keep this Reference Guide in a safe, convenient place, and refer to it for benefit information.

Enrollment

If you wish to continue your Flexible Spending Accounts you must enroll, re-enroll online each year.

What are the Flexible Benefits Plan Administrative Fees per pay period?

Healthcare Spending Account only.....	\$1.96
Dependent Care Spending Account only.....	\$1.96
Both Healthcare and Dependent Spending Accounts.....	\$1.96

What is my FSA Period of Coverage?

Your period of coverage for FSAs is your full plan year, unless you make a permitted mid-plan year election change, terminate employment or lose eligibility for group coverage. A mid-plan year election change will result in split periods of coverage, creating more than one period of coverage within a plan year with expenses reimbursed from the appropriate period of coverage. Money from a previous period of coverage can be combined with amounts after a permitted mid-plan year election change. However, expenses incurred before the permitted election change can only be reimbursed from the amount of the balance present in the FSA prior to the change. Mid-plan year election changes are approved only if the extenuating circumstances and supporting documentation are within your employer's, insurance provider's and IRS regulations governing the plan.

Flexible Spending Accounts

What is a Flexible Spending Account (FSA)?

Fringe Benefits Management Company (FBMC) provides you with IRS tax-favored FSAs to stretch your medical expense and dependent care dollars.

Flexible Spending Accounts feature:

- IRS-approved reimbursement of eligible expenses tax free
- per-pay-period deposits from your pre-tax salary and
- savings on income and Social Security taxes.

Is an FSA right for me?

If you spend \$260 or more on recurring eligible expenses during your plan year, you may save money by paying for them with an FSA. A portion of your salary is deposited into your FSA each pay period.

- You decide the amount you want deposited.
- You are reimbursed for eligible expenses before income and Social Security taxes are deducted.
- You save income and Social Security taxes each time you receive wages.
- Determine your potential savings with a Tax Savings Analysis at www.myFBMC.com.

What types of FSAs are available?

Your employer offers you a Healthcare FSA as well as a Dependent Care FSA. If you incur both types of expenses during a plan year, you can establish both types of FSAs.

Healthcare FSAs

Medical expenses not covered by your insurance plan may be eligible for reimbursement using your Healthcare FSA, including:

- birth control pills
- eyeglasses
- orthodontia and
- Over-the-Counter items. (see FBMC's Web site for quarterly updates)

Dependent Care FSAs

Dependent care expenses, whether for a child or an elder, include any expense that allows you to work, such as:

- day care services
- in-home care
- nursery and preschool and
- summer day camps.

Refer to the Healthcare FSA and Dependent Care FSA sections of this Reference Guide for specifics on each type of FSA.

Receiving Reimbursement

Your reimbursement will be processed within five business days from the time FBMC receives your properly completed and signed FSA Reimbursement Request Form. To avoid delays, follow the instructions for submitting your requests located in the FSA materials you will receive following enrollment.

Direct Deposit

Enroll in Direct Deposit to expedite the time of your reimbursement.

- FSA reimbursement funds are automatically deposited into your checking or savings account.
- There is no fee for this service.
- You don't have to wait for postal service delivery of your reimbursement (however, you will receive notification that the claim has been processed).

To apply, complete the Direct Deposit Enrollment Form available from FBMC's website at www.myFBMC.com or call FBMC Customer Service at 1-800-342-8017. Please note that processing your Direct Deposit enrollment may take between four to six weeks.

Where can I get information about FSAs?

If you have specific questions about FSAs, contact FBMC Customer Care Center.

- Visit www.myFBMC.com.
- Call 1-800-342-8017 (Monday-Friday, 7 a.m.-10 p.m. ET).

Please note that due to FBMC's Privacy Policy, we will not discuss your account information with others without your verbal or written authorization.

FSA Savings Example*

\$31,000	Annual Gross Income	\$31,000
- 5,000	FSA Deposit for Recurring Expenses	- 0
<u>\$26,000</u>	Taxable Gross Income	<u>\$31,000</u>
- 5,889	Federal, Social Security Taxes	-7,021
<u>\$20,111</u>	Annual Net Income	<u>\$23,979</u>
- 0	Cost of Recurring Expenses	-5,000
<u>\$20,111</u>	Spendable Income	<u>\$18,979</u>

By using an FSA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That's a potential annual savings of

\$1,132!

*Based upon a 22.65% tax rate (15% federal and 7.65% Social Security) calculated on a calendar year

Flexible Spending Accounts

FSA Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through either type of FSA. Refer to the "Written Certification" portion of the Beyond Your Benefits section of this Benefits Handbook for more specifics.
2. You cannot transfer money between FSAs or pay a dependent care expense from your Healthcare FSA or vice versa.
3. You have a grace period of two months and 15 days following the end of your Plan Year (December 31) for a Healthcare FSA. This grace period ends on March 15. During the grace period, you may incur expenses and submit claims for these expenses. Funds will be automatically deducted from any remaining dollars in your Healthcare FSA balance.
4. You have a 120-day run-out period (until April 30) following the end of the plan year, for reimbursement of eligible FSA expenses incurred during your period of coverage.
5. You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your FSAs.
6. You cannot deduct reimbursed expenses for income tax purposes.
7. You may not be reimbursed for a service that you have not yet received.
8. Be conservative when estimating your medical and/or dependent care expenses for the Plan Year. IRS regulations state that any unused funds which remain in your FSA after a plan year and grace period ends (and all reimbursable requests have been submitted and processed) cannot be returned to you nor carried forward to the next plan year.

Termination or Leave:

If you terminate employment or go on unpaid leave, your eligibility for either or both FSAs may change.

Healthcare FSAs

If you experience an event permitting a mid-plan year FSA election change such as termination of employment or unpaid leave, you can continue to contribute to your Healthcare FSA on an after-tax basis by calling FBMC Customer Care Center at 1-800-342-8017 within **45 days** (60 days for newborns/adoption or placement).

As long as you make full after-tax contributions to your Healthcare FSA, you can receive reimbursements on eligible healthcare expenses incurred during your period of coverage.

You have a 120-day run-out period (until April 30) after the plan year ends to submit claims for reimbursement of eligible FSA expenses which you incurred during your period of coverage. (normally Jan. 1-Dec. 31, however, should you terminate employment prior to Dec. 31, your FSA will cease at the end of the month of termination). Your Healthcare FSA coverage will not be continued beyond the plan year in which the COBRA-qualifying event occurred.

Specific guidelines about termination and leave policies can be obtained from your DPR. In addition, the Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave. Please contact your DPR for further information and to obtain any paperwork necessary to complete.

The Family and Medical Leave Act (FMLA) may affect your rights to continue coverage when on leave. Please contact your DPR for further information.

Dependent Care FSAs

You cannot continue contributing to your Dependent Care FSA. You can, however, continue to request reimbursement for eligible expenses incurred while employed until you exhaust your account balance or the plan year ends.

What documentation of expenses do I need to keep?

The IRS requires FSA customers to maintain complete documentation, including keeping copies of receipts for reimbursed expenses, for a minimum of one year.

How do I get the forms I need?

To obtain forms you will need after enrolling in either a Healthcare or Dependent Care FSA, such as an FSA Reimbursement Request Form, Letter of Medical Need or Direct Deposit Form, you can visit FBMC's Web site, www.myFBMC.com, or call FBMC Customer Service at 1-800-342-8017. For more information, refer to the Getting Answers section of this book.

Will contributions affect my income taxes?

Salary reductions made under a cafeteria plan, including contributions to one or both FSAs, will lower your taxable income and taxes. These reductions are one of the money-saving aspects of starting an FSA. Depending on the state, additional state income tax savings or credits may also be available. Your salary reductions will reduce earned income for purposes of the federal Earned Income Tax Credit (EITC).

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax advisor and/or the IRS for additional information.

Patriot Act

In June 2008, President Bush signed a law that allows military personnel called to duty for a minimum of 180 days to receive taxable distribution of unused medical Flexible Spending Account (FSA) funds. Some of the changes made by the Act are permissive while others mandatory.

The bill defines "qualified reservist distribution" as any distribution to an individual of all or a portion of the balance in the employee's medical FSA account under such arrangement if:

- the individual is a member of a "reserve component" as defined in section 101 of title 37 of the United States Code
- the distribution is made only to a member that has been ordered or called to active duty for 180 days or more or for an indefinite period
- the distribution is made during the period beginning on the date the member is ordered or called and ending on the last date that reimbursements could otherwise be made under such arrangement for the plan year that includes the date of order or call.