Spending Account Service Center

AN EMPLOYEE'S GUIDE TO FLEXIBLE SPENDING

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Every year you spend hundreds, possibly thousands, of dollars on out of pocket medical and dependent care expenses including insurance co-pays and deductibles, prescriptions and eligible over the counter products, dental and orthodontia services, vision services and day care. Why not save money on these everyday purchases?

Your employer sponsors a Flexible Spending Account program, administered by Trion, which allows you to put aside money on a pre-tax basis into your own reimbursement account. You use these funds at any time during the plan year as reimbursement for those everyday medical and dependent care purchases.

1. Flexible Spending Accounts

Flexible Spending Accounts (FSAs) are Internal Revenue Service (IRS) approved plans which allow employees to be reimbursed for medical and dependent care expenses on a pre-tax basis. Payroll dollars are set aside pre-Federal, FICA and, in most cases, state and local taxes, to be used for eligible expenses. You can only be reimbursed for expenses incurred during the plan year, not for expenses incurred in a different year but paid in the current plan year. There are two components to a flexible spending account, each with slightly different rules. The two types of spending accounts are a Health Care Reimbursement Account (HCRA) and a Dependent Care Reimbursement Account (DCRA).

Health Care Reimbursement Account

A Health Care Reimbursement Account (HCRA) is an account for which pretax dollars can be used to pay for eligible medical, dental and vision expenses that cannot be reimbursed through insurance or any other arrangement. You do need insurance coverage to participate in a HCRA. The HCRA reimburses for eligible expenses incurred by you, your spouse and your eligible dependents. An individual HCRA tracks the annual election, year to date contributions, claim reimbursements and available balance. As claims are reimbursed, the annual election is reduced to reflect the available account balance.

The employer is required to make available the entire HCRA election from the first day of the plan. The maximum election is determined by the employer and is part of the enrollment information.

Eligible Expenses Under A Health Care Reimbursement Account

There are hundreds, perhaps thousands, of products and services eligible for reimbursement under a HCRA. In order to be eligible, the product or service must satisfy the following three qualifications:

- The cost of the product or service goes toward the diagnosis, cure, mitigation, treatment or prevention of a medical condition or disease.
- The cost of the product or service is primarily used to alleviate or prevent a physical or mental defect or illness.
- The product or service must have been incurred, or have a service date, within the HCRA plan year.

HCRAs reimburse most items that would normally be covered under a health plan, including co-pays and deductibles. Additionally, however, they cover a wide variety of additional products and services such as acupuncture, ambulance services, birth control, contact lenses, fertility treatments, glasses, lactation supplies, psychiatric care, smoking cessation programs and vasectomies.

For a comprehensive list of eligible expenses, go to www.EnrollOnline.com and view the Health Care Eligible Expense Guide within the Spending Account Information Center.

Ineligible Expenses Under A Health Care Reimbursement Account

Any product or service that does not specifically treat a medical condition is usually ineligible under a Health Care Reimbursement Account. Specific products and services NOT covered include cosmetic surgeries, dancing lessons, hair transplants, household help, nutritional supplements, teeth whitening and weight loss programs (unless needed to treat a specific disease and authorized by a physician).

For a comprehensive list of ineligible expenses, go to www.EnrollOnline.com and view the Health Care Eligible Expense Guide within the Spending Account Information Center.

Expenses Included Under A Health Care Reimbursement Account

Generally, one receives reimbursement for medical expenses paid for by the employee, as well as those paid for someone including a spouse, qualifying child or qualifying relative when the products or services were acquired. Expenses of an employee's child who is under age 27 as of the end of the entire taxable year will qualify for tax-free reimbursement from a health FSA, even if the child does not qualify as the employee's tax dependent. For this purpose, a "child" is an individual who is the employee's son, daughter, stepson, or stepdaughter, and includes both a legally adopted individual of the employee and an individual lawfully placed with the employee for legal adoption by the employee. The term "child" also includes an eligible foster child, which is defined as a child placed with the employee by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

A qualifying relative is an individual (a) who bears a specified relationship to the employee (relationship test); (b) whose gross income is less than the exemption amount in Code §151(d) (income test); (c) with respect to whom the employee provides over half of the individual's support (support test); and (d) who is not anyone's qualifying child

Documentation may be required to validate eligibility status of dependents.

Contributions To A Health Care Reimbursement Account

In determining the amount to elect for your HCRA, be mindful of these facts:

- Total out-of-pocket expenses include yours, your spouse's and your eligible dependent's medical expenses.
- Reimbursable expenses must be incurred during the plan year.

- In October 2013, the IRS "Use-It-or-Lose-It" rule was expanded to allow up to a $500 unused balance to carry over into the next plan year. This expansion is not mandatory; please consult your plan document for your employer's rules regarding this change.

The following worksheet estimates your medical expenses for the plan year.

Health Care Reimbursement Account Worksheet

Expense	Amount
Medical	
Deductibles	$ ______________
Co-Pays/Co-Insurance	$ ______________
Physician Exams	$ ______________
Dermatologists	$ ______________
Prescription Drugs	$ ______________
Chiropractic	$ ______________
Psychologist	$ ______________
Birth Control	$ ______________
Over-the-Counter Products	$ ______________
Testing	$ ______________
Hearing	
Exams	$ ______________
Dental	
Exams	$ ______________
Fillings, Bridges	$ ______________
Dentures	$ ______________
Orthodontia	$ ______________
Vision	
Exams	$ ______________
Glasses & Supplies	$ ______________
Contact Lenses & Supplies	$ ______________
Corrective Eye Surgery	$ ______________
Other	
Total Estimated Election	**$ ______________**

Dependent Care Reimbursement Account

You can use pre-tax dollars to pay for eligible child and/or adult dependent care expenses incurred. In order to receive pre-tax dependent care benefits, both employee and spouse must be employed, be seeking employment or attending school full-time.

Each person for whom you incur the expenses must be a Qualifying Individual—that is, he or she must be:

- a person under age 13 who is your "qualifying child" under the Code (in general, the person must:

(1) have the same principal abode as you for more than half the year;

(2) be your child or stepchild (by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of them; and

(3) not provide more than half of his or her own support for the year);

- your Spouse who is physically or mentally incapable of self-care and has the same principal abode as you for more than half the year; or
- a person who is physically or mentally incapable of caring for himself or herself, has the same principal place of abode as you for more than half of the year, and is your tax dependent under the Code (for this purpose, status as a tax dependent is determined without regard to the gross income limitation for a "qualifying relative" and certain other provisions of the Code's definition).
- Under a special rule for children of divorced or separated parents, a child is a Qualifying Individual with respect to the custodial parent when the noncustodial parent is entitled to claim the dependency exemption for the child.

The expenses are incurred in order to enable you (and your Spouse, if you are married) to be gainfully employed.

If the expenses are incurred for services outside of your household for the care of a Qualifying Individual other than a person **under age 13** who is your qualifying child, then the Qualifying Individual must regularly spend at least eight hours per day in your household.

Eligible Expenses Under A Dependent Care Reimbursement Account

Eligible expenses include those that qualify for the IRS dependent care tax credit. Examples of expenses that are eligible under dependent care reimbursement account are:

- Babysitters
- Day care, day camps, nursery school, or other outside dependent or child care services.
- Elder care for dependents that live with you.

For a comprehensive list of eligible expenses, go to www.EnrollOnline.com and view the Dependent Care Eligible Expense Guide within the Spending Account Information Center.

Ineligible Expenses Under A Dependent Care Reimbursement Account

Ineligible expenses under a DCRA are:

- Nursing home, respite care or residential care centers.
- Overnight camps.
- Services provided by one of your dependents.
- Expenses claimed as a dependent care tax credit on your income taxes.
- Expenses for education, meals and overnight stays are not eligible even if they are part of eligible day care or day camp.

For a comprehensive list of ineligible expenses, go to www.EnrollOnline.com and view the Dependent Care Eligible Expense Guide within the Spending Account Information Center.

Contributions To A Dependent Care Reimbursement Account

If you are married and file jointly, or file single as head of household, your annual limit is $5,000. If you are married and file separate returns, you are limited to $2,500.

The IRS "Use-It-or-Lose-It" rules state that any funds left in a spending account at the end of a plan year are forfeited. Please be conservative. Also note that you may be able to take a federal tax credit for dependent care expenses instead of participating in the dependent care reimbursement account. The tax credit is a direct reduction of the tax owed unlike the income exclusion of a DCRA.

In general, tax savings with a DCRA become more valuable as one's income increases. If a person is below the 22% tax bracket, it is usually more advantageous to take the tax credit. However, since each person's tax situation is unique, it is best to speak with a tax advisor before making a decision.

Qualified Transportation Reimbursement Account

A Qualified Transportation Reimbursement Account (QTRA) allows pre-tax deductions to be directed into an account for reimbursement of qualified parking expenses, transit passes and commuter vanpool expenses.

Qualified Parking Expenses, Transit Passes and Commuter Highway Vehicle Expenses are limited to an IRS defined monthly amount. Since elections can be changed by the employee at any time, the employer can set parameters on how frequently changes will be allowed for the

QTRA. Only the amount that has been deducted to date, up to the monthly maximums set by the IRS, can be reimbursed to participants similar to the dependent care reimbursement account.

Eligible transportation and parking expenses include:

- Public transportation to and from work including trains, subways and buses.
- Transportation to and from work in a commuter vanpool. A vanpool is a vehicle that seats at least six (6) persons and is used at least 80% of the time for home to work commuting.
- Parking near work or public transportation.

Please note that claims must be submitted within 180 days (6 months) of the incurred date to be reimbursed.

Contributions To A Qualified Transportation Reimbursement Account

The IRS sets the maximum monthly contribution to a Qualified Transportation Reimbursement Account. The monthly maximums for 2013 are $245 for transportation and $245 for parking. Your contribution can be an amount at or below the maximums and can change as often as the employer's plan allows.

2. Benefits To Participating In An FSA

There are many benefits to participating in a Flexible Spending Account. Employees use an FSA as a way to fill in the gaps of traditional health insurance such as co-pays, deductibles and co-insurance, along with providing a convenient method to pay for over-the-counter eligible items. Since you spend hundreds, or even thousands, of dollars on out of pocket medical and dependent care expenses, why not reduce your taxes and save money?

Approximate Savings For Participating In A Flexible Spending Account

When employees purchase benefits on a pre-tax basis through an FSA plan, their taxable compensation is reduced which reduces the wages subject to federal, social security and Medicare tax and, in most states, state income tax.

3. How An FSA Functions

Before the plan year begins, you will elect to have a specified part of your pay, on a pre-tax basis, put into a flexible spending account. Each paycheck you receive through the plan year will reflect your election. You will be able to submit a claim for eligible expenses from this account at anytime during the plan year.

Submitting A Reimbursement Request

Two ways to receive reimbursement is by submitting a Reimbursement Request form along with the appropriate documentation to Trion - or to simply use your Trion Benny Card.

If you choose to file a Reimbursement Request online, simply log into www.EnrollOnline.com and select the link to "Spending Account Activity" from your Dashboard menu. The system will prompt for the information necessary. You must upload a valid receipt in order for the claim to be accepted by the system. Please allow 24 business hours for your online claim to be processed. Trion cannot release funds without reviewing the eligibility of the transaction.

The documentation, as required by the Internal Revenue Service, should include:

- The date of service
- The product or service description
- The charge for the product or service
- The product or service provider's name
- And in the case of dependent care reimbursement requests, the provider's tax id or social security number

Examples of appropriate documentation include:

- Bill or receipt that contains the date of service, the product or service description, the charge for the product or service, the product or service provider's name.
- Insurance company's explanation of benefits (EOB).
- Cash register receipt that contains the date of service, the product or service description, the charge for the product or service, the product

or service provider's name.

If you choose to mail or fax a completed claim form, with supporting documentation, you can print a blank claim form at www.EnrollOnline.com found in the Spending Account Information Center.

Completed Reimbursement Request forms and supporting documentation are then mailed to:
Spending Account Service Center
FSA Claims Processing
2300 Renaissance Boulevard
King of Prussia, PA 19406

Completed Reimbursement Request forms with supporting documentation may also be faxed to: 800-595-4642.

Receiving Reimbursement For A Flexible Spending Account

Because of Trion's commitment to provide you with the best flexible spending account administration, claims are processed as received and checks are cut daily. This allows us to usually provide you with your reimbursement within a week from the date of receipt. If you would like to get your reimbursement even faster we offer you direct deposit. Simply fill out a direct deposit form and mail or fax it to Trion along with a copy of a voided check. All future reimbursements will be deposited directly into your bank account. Direct deposit forms are available at www.EnrollOnline.com.

Again, to receive reimbursement, either submit a claim form (see "Submitting A Reimbursement Request") along with the appropriate documentation to Trion, or use your Trion Benny Card.

The Trion Benny Card

To avoid the hassles of paper during the reimbursement process you can use the Trion Benny Card.

The Trion Benny Card is an innovative use of a MasterCard® that allows for easier benefit access, increased satisfaction and reduced administrative hassles for tax-favored and defined contribution benefits.

With the card, you have instant access to your account funds for eligible health care and dependent care expenses – right at the point of service – at the pharmacy counter, dentist, optometrists or doctor's office, daycare center – wherever MasterCard® debit cards are accepted.

- Significantly reduce your administrative hassles by eliminating most of the paperwork.
- Eliminate the need to "pay twice" and wait for reimbursement.

This innovative flex card gets even better………..

The IRS/Treasury Department recently announced that supermarkets and other mass merchants will be required to implement Inventory Information Approval Systems (IIAS) by January 1, 2008, in order to allow purchases using debit card products. Likewise, pharmacies must also meet these same requirements by January 1, 2009, although most of the major pharmacy chains are implementing the system earlier. Joining data interfaces, your Pharmacy Benefit Manager, and other health care carriers means that 90% to 95% of your eligible health care purchases are approved without additional paperwork (notably receipt requests) when using the Trion Benny Card.

When using your Trion Benny Card it is important to remember a few things. First, if there is not enough money in your account, your transaction will be denied. You can find your balance online at www.EnrollOnline.com or by calling Trion at 800-580-6854.

Secondly, even though the Trion Benny Card utilizes industry leading technology to auto substantiate transactions, it is occasionally necessary for us to ask for additional information concerning a transaction. Therefore, be sure to save your receipts. There is no need to do anything unless you receive a substantiation request from us at which time you will need to supply the required documentation. Failure to comply with a substantiation request could jeopardize the tax-exempt status of your account and result in account suspension.

You can eliminate receiving most receipt request letters by purchasing items at one of many participating FSA stores. At participating FSA stores, only FSA eligible items can be purchased. For a complete list of participating FSA stores go to www.EnrollOnline.com and view the document "FSA Stores."

Period Of Time Covered In Plan Year

You can only be reimbursed up to your elected amounts for expenses incurred for products and services during the plan year. You CANNOT be reimbursed for services incurred in a different plan year but paid in the current year. If you are new to the plan during the plan year, products and services must be rendered after you are eligible to participate. There is a run out period after the plan year ends to submit claims that occurred during the plan year, but were not yet submitted. Please check your plan description for details.

Grace Period Option

Some employers may have elected to offer a grace period for Health Care Reimbursement Accounts. Established by the IRS in 2005, the grace period allows an additional two months and 15 days following the end of your plan year in which you are allowed to incur claims toward funds that you contributed to the health care reimbursement account. During the grace period, reimbursement requests are paid from the previous plan year until those funds are exhausted.

The run-out period occurs concurrently with the 2 ½ month grace period. All funds not used at the end of the run-out period are subject to the "use-it-or-lose-it" rule.

Balance Carryover Option

Some employers may have elected to offer a balance carryover for Health Care Reimbursement Accounts. Established by the IRS in 2013, the balance carryover feature allows an unused balance up to $500.00 to carry over into the next plan year to be used for future expenses. Plans that have a carryover feature do not offer a grace period.

The run-out period will occur before the balance carryover amount is determined. You may continue to submit your expenses for the plan year through the run-out period deadline. At the end of the run-out period, any unused amount over $500 (or the amount determined by your employer) will be subject to the "use-it-or-lose-it" rule.

Changing Elections

Once a plan year starts, changes in your election are not allowed unless a qualified life event is experienced. The election change must be consistent with the status change event and that event must fall into one of the following categories:

- Change in marital status.
- Change in the number of dependents.
- Change in employment status.
- Dependent satisfies or ceases to satisfy eligibility requirements.
- Entitlement or loss of Medicare or Medicaid.
- Change in the cost of day care (DCRA only).
- Change in the day care provider (DCRA only).

If you drop your Health Care or Dependent Care Accounts due to a change in status, only claims incurred while actively participating are eligible for reimbursement.

Contributions During A Leave Of Absence

All contributions to Flexible Spending Accounts must continue to be made during a paid or unpaid leave of absence even under the Family Medical Leave Act, unless the leave coincides with a qualifying change in status.

The employer determines how contributions are made, which can be one of the following methods or an alternative method devised by the employer.

- Prepay the contributions pre-tax.
- Continue the contributions as scheduled on an after-tax basis.
- "Catch up" the contributions on a pre-tax basis upon returning to work.

The employer may have other options available and has the ultimate authority to determine the acceptable option.

Termination Repercussions

Upon termination of employment, your Trion Benny Card is deactivated. All claims incurred prior to termination may be submitted manually through a Reimbursement Request Form for the period identified in the plans summary description.

If eligible, you can continue to participate in the plan through COBRA by making after-tax payments through the end of the plan year. If you elect to continue the contributions through COBRA, coverage under the Health Care Reimbursement Account continues until the premium ceases and the expenses incurred during the coverage are reimbursed. The coverage may not continue beyond the current plan year.

4. Receiving Information From Trion

Trion's administrative service provides a comprehensive delivery of information and service. Each plan year, you receive a Welcome Letter giving instructions on how to access information online. In addition, a statement of account is sent, with each reimbursement check or direct deposit, as well as an annual account statement 60 days prior to the end of the plan year.

The true, powerful delivery of information and service is accessible 24 hours a day, 7 days a week through our online site www.EnrollOnline.com.

Accessing Flexible Spending Account

Account information can be accessed two convenient ways.

www.EnrollOnline.com™

Trion provides you with access to account information online through our proprietary web portal EnrollOnline.com. Through our website, employees are able to enroll in spending accounts and access information about their plan including annual elections, deposits, and claims – with detail, reimbursements (checks/EFTs), debit card transactions and plan balances.

In addition to this information, we also offer our Spending Account Information Center through EnrollOnline.com This tool allows us to post forms, informational and educational materials online including flex card information, claim forms, summary plan descriptions, employee worksheets, and the Guide to Flexible Spending Accounts and hyperlinks to online prescription vendors such asDrugstore.com.

Call Center Support

While EnrollOnline.com provides extensive information about employee spending accounts many employees would like to pick up the phone and talk to someone. We provide a toll-free line (800-580-6854) directed to a team of Employee Advocates who are waiting to assist you from 8:30 a.m. to 5:30 p.m. Monday through Friday.

These trained benefit professionals provide information about account balances, claim approvals and denials, eligible expenses - anything relating to spending account administration.

Our goal is to make your flexible spending account simple and hassle free.

Spending Account Service Center

Spending Account Service Center
2300 Renaissance Boulevard
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