



Spending Account
Service Center

**PUT A LITTLE MORE PAY IN YOUR POCKET
WITH
FLEXIBLE SPENDING ACCOUNTS**



Introduction To Flexible Spending Accounts

Flexible Spending Accounts

- Health Care Reimbursement Accounts
 - * Eligible Expenses
- Dependent Care Reimbursement Accounts
 - * Eligible Expense

Tax Savings by Participating in a Flexible Spending Account

Important Facts about Flexible Spending Accounts

Election and Eligibility

Reimbursement Methods under a Flexible Spending Account

MMAA Prepaid Benefits

Important Facts about the MMAA Prepaid Benefits

Spending Account Contact Information

Why Participate In A Flexible Spending Account

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 over the counter products, dental and orthodontia services, vision services and day care

Why not save money on these everyday purchases?

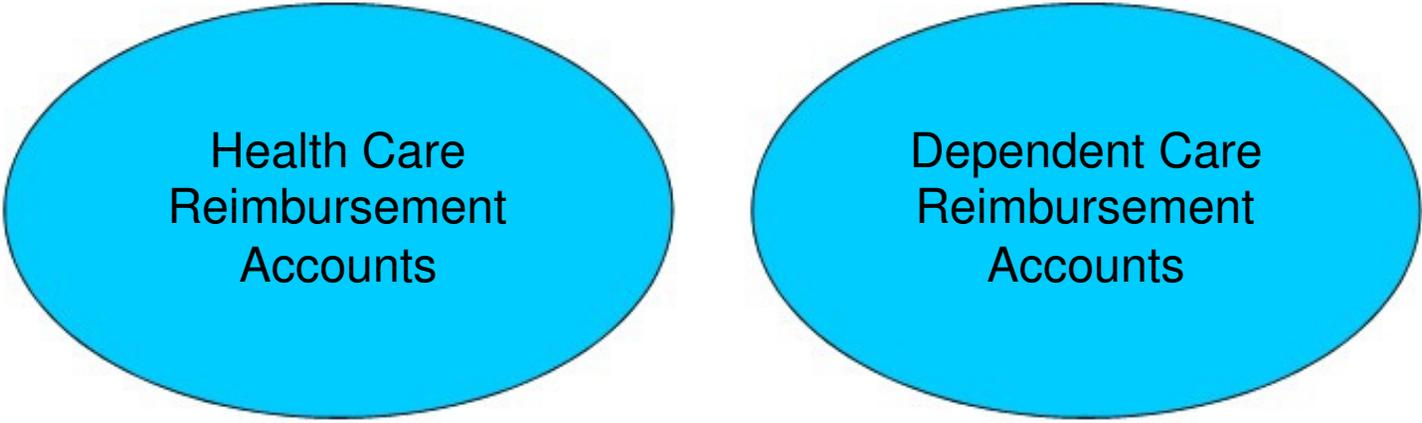
Your employer sponsors a Flexible Spending Account program, administered by Marsh & McLennan Agency Administrators (MMAA), which allows you to put aside money on a pre-tax basis into your own reimbursement account. You use these funds at any time during the plan year as reimbursement for those everyday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



Types Of Flexible Spending Accounts

- Flexible Spending Accounts (FSA's) are Internal Revenue Service (IRS) approved plans which allow employees to be reimbursed for medical and dependent care expenses on a pre-tax basis
- You can be reimbursed for any eligible expenses incurred during the plan year

There are 2 types of Flexible Spending Accounts:



Health Care
Reimbursement
Accounts

Dependent Care
Reimbursement
Accounts

Health Care Reimbursement Accounts

A Health Care Reimbursement Account (HCRA) is an account for which pre-tax 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 not need insurance coverage to participate in a HCRA, although a HCRA does not replace health insurance

The HCRA reimburses for eligible expenses incurred by you, your spouse and your eligible dependents



Eligible Expenses Under Health Care Reimbursement Accounts

- **Medical**

- Deductibles
- Co-pays/Co-insurance
- Physical Exams
- Dermatologists
- Prescription Drugs
- Chiropractic
- Psychologist
- Birth Control
- Over-the-counter products
- Over-the-counter medicines and drugs when accompanied by a physicians note
- Testing Supplies

- **Hearing**

- Examinations
- Hearing aids

- **Dental**

- Examinations
- Fillings & Bridges
- Dentures
- Orthodontia

- **Vision**

- Examinations
- Glasses and Supplies
- Contact Lenses and Supplies
- Corrective Eye Surgery

Dependent Care Reimbursement Accounts

A Dependent Care Reimbursement Account (DCRA) is an account in which you can use pre-tax dollars to pay for eligible child and/or adult dependent care expenses.

An eligible child or adult is defined as:

- A child under age 13
- Anyone 13 or older who is physically or mentally disabled who relies on you for financial support

Both parents must be working full-time or one parent working full time and the other parent attending school full time in order to participate in the DCRA



Instead of using a DCRA, you may be eligible to take a federal income tax credit for eligible dependent care up to \$3,000 for one dependent or \$6,000 for more than one dependent. You should consult a tax advisor for the best approach to your situation

Eligible Expenses Under Dependent Care Reimbursement Accounts

- Child care/babysitting services in your home or someone else's (must claim on income taxes)
- Expenses for a dependent day care center (must meet all state and local licensing requirements)
- Certain expenses for a live-in, full-time housekeeper for a disabled dependent (restrictions do apply)
- Pre-school expenses
- After school care
- Summer day camp
- Elder care

Potential Tax Savings By Participating In Flexible Spending Accounts

	NOT PARTICIPATING	PARTICIPATING
Annual Compensation	\$44,600	\$44,600
HCRA/DCRA Expenses	<u>N/A</u>	<u>-1,680</u>
Taxable Annual Compensation	\$44,600	\$42,920
Federal Income Tax (9%)	-4,014	-3,863
State Income Tax (3%)	-1,338	-1,288
Social Security Tax (7.65%)	<u>-3,412</u>	<u>-3,283</u>
Salary after Taxes	\$35,836	\$34,486
After Tax HCRA/DCRA Expenses	<u>-1,680</u>	<u>N/A</u>
Annual Net Pay	\$34,156	\$34,486

The illustrated employee realized a tax savings of \$330, without changing any purchasing behavior, simply by participating in the FSA plan

Important Facts About Flexible Spending Accounts

Rules, Regulations and Availability

Because FSA's give you a unique opportunity to reduce your taxable income, all rules and regulations are set by the IRS and must be adhered to accordingly.

The IRS mandates the "use it or lose it" policy. This states that any money that is unused after the plan year, and over the plan's carryover allowance will not be returned to the member and will be forfeited. So please estimate your anticipated yearly expenses carefully.

Claims eligible for reimbursement are ones that were for expenses you incurred during the plan year only. Transactions with dates of service before or after a specific plan year will not be considered eligible.

The amount that you elect to contribute to your FSA during your open enrollment cannot be changed throughout the plan year, unless you experience a family status change or qualifying life event. Please check with your HR department for more information on what qualifies as one of these changes.

The IRS requires you be able to substantiate all claims made on a Flexible Spending Account. MMAA may also need to ask you for receipts. Please save all receipts.

Election and Eligibility

The company decides each year on the maximum, annual election and carryover eligibility

You can establish an account even if you waived medical insurance

Your eligible dependents un-reimbursed medical expenses are also eligible for reimbursement even if they are not participating in the medical, dental, vision or prescription plans

How You Get Reimbursed

Use your Debit Card.

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, optometrist or doctor's office, daycare center, wherever MasterCard® debit cards are accepted.

Use our "Online Claim Submission".

The system will prompt you for the information necessary. Once entered, print the completed Reimbursement Request Form and either mail or fax it to the Spending Account Service Center along with the required documentation. Log on Instructions will be provided either during enrollment or immediately following enrollment

Mail or fax the completed claim for with the appropriate documentation to the Spending Account Service Center. The claim forms can be found on our web site and contain complete filing instruction.

Introducing The MMAA Debit Card

The MMAA Debit Card contains the value of your annual Flexible Spending Account election amount and can be used at locations that accept MasterCard to pay for qualified expenses not covered by your insurance

All card transactions are automatically deducted from your Spending Account balance

Using the MMAA Debit Card helps keep cash in your wallet. No more claim forms which means no more waiting for reimbursement

Just swipe and go, it's that easy!

Important Facts About the MMAA Debit Card

- Once you are enrolled in a Spending Account you will receive 2 MMAA Debit Cards. One for you and one for one of your dependents
- The MMA Debit Card has a 5 year expiration date. As long as you elect a Spending Account each year, that annual election will be loaded on your card every year
- If your card is ever lost or stolen you can contact the Spending Account Service Center to request replacement cards
- The MMAA Debit Card is limited to merchants that offer medical and dependent care products and services
- If you charge more than your available balance the transaction may be denied
- The Spending Account Service Center number and website address is listed on the back of your card for any questions or to check your balance and transaction activity
- This debit card does not have a PIN. Please select “Credit” when asked “Credit or Debit?” at the register

How to Contact the Spending Account Service Center

- **By Mail:**  Spending Account Service Center
**2300 Renaissance Boulevard
King of Prussia, PA 19406**
- **Web Site :** www.EnrollOnline.com
- **Phone:** **800-580-6854**
- **Fax:** **800-595-4642**



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