OVERVIEW

A Flexible Spending Arrangement (FSA), sometimes called a flexible spending account, and the Dependent Care Assistance Program (DCAP), enable you to set aside money on a pre-tax basis to pay for your out-of-pocket health and day care costs. These benefits are available to Public Employees Benefits Board (PEBB) benefits-eligible state and higher-education employees:

*The Health Care FSA* reimburses out-of-pocket health care expenses for you and your tax dependents.

*The Dependent Care Assistance Program* reimburses day care expenses for your dependent child or elder care expenses.

TAX SAVINGS

With an FSA, you can set aside money from your paycheck to pay for medical and day care expenses. FSA deductions are exempt from FICA and federal income tax.


Let’s look at an example of how you might save:

Employees A and B both earn $35,000 per year after exemptions and standard deductions. They both also pay $2,400 per year for out-of-pocket medical expenses.

<table>
<thead>
<tr>
<th></th>
<th>Employee A</th>
<th>Employee B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Pay</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Taxes</td>
<td>-7,092</td>
<td>-2,400</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>-2,400</td>
<td>-6,548</td>
</tr>
<tr>
<td>Net Pay</td>
<td>27,908</td>
<td>32,600</td>
</tr>
<tr>
<td>Monthly Pay</td>
<td>$2,125</td>
<td>$2,170</td>
</tr>
</tbody>
</table>

Employee B saves $45 per month using an FSA — that’s $540 per year in savings!

QUESTIONS?

A dedicated staff of customer service agents is available to answer your inquiries, Monday through Friday, between 6 a.m. and 6 p.m. (PST).

Flex-Plan Customer Service
Local Phone: (425) 452-3500
Toll-free Phone: (800) 669-3539.
Email: customerservice@flex-plan.com.

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HOW DOES IT WORK?

- During the PEBB Program’s annual open enrollment period, you elect the amount you want to set aside to help with your expenses for the plan year and enroll in an FSA or DCAP for that amount. You may enroll in one or both and may elect different amounts for the FSA and DCAP.
  - The minimum election for an FSA is $240, the maximum is $2,500.
  - The maximum annual DCAP election for a single person or a married couple is $5,000 ($2,500 if married and filing separate returns).
- Your employer will deduct your election from your paycheck in equal amounts throughout the plan year so you don’t pay FICA (7.65%) and federal income tax (10-35%) on your elected dollars.
- You cannot change your election after the plan year starts unless you experience a qualifying event. Common qualifying events include birth, death, adoption, marriage, or divorce. Your election change must be consistent with the qualifying event.
- All claims must be submitted within 90 days after your plan year ends, March 31\textsuperscript{st}. Money left in the plan after March 31\textsuperscript{st} cannot be refunded to you; this is referred to as the “use it or lose it” rule.
  - If you have not spent all the amounts in your FSA by the end of the plan year, you may continue to incur eligible health care expenses during the grace period. The grace period extends 2½ months after the end of the plan year, during which time you can continue to incur claims and use up all amounts remaining in your account. DCAP does not include a grace period, so you must incur all costs by the end of the plan year.

HOW DO I GET REIMBURSED?

- Complete and sign a claim form and include documentation for your expenses. You should also know:
  - For each claimed expense, your documentation must show the date of service, cost, and the type of expense you are claiming. Bills from your providers or statements from your insurance company are typical forms of documentation.
  - Expenses must be incurred during the plan year and while you are an active participant in the plan.
  - Any expense incurred before the effective date of your enrollment cannot be reimbursed.
  - An expense is “incurred” when the medical care is provided or the eligible item is purchased – not when you are billed, charged, or when you pay for the medical care.
- Submit the claim and documentation to Flex-Plan Services via email, fax, or mail, or by using our online claim submission tool or the Flexi-App on your mobile device.

Your claim will be processed within a few days and a reimbursement will be issued to you by check or deposited into your checking or savings account.

FLEX-PLAN.COM

Visit us at www.pebb.flex-plan.com for useful tools and information. You can:

- Research eligible expenses
- Get forms
- View general information about these benefits
- Use the tax savings calculator
- Submit claims

Once you are enrolled in the plan, you can register and view your personal plan information, including claims details.