

COMMON REIMBURSEMENT ACCOUNT QUESTIONS AND ANSWERS

This section addresses common questions about Flexible Reimbursement Accounts.

1. **Q. How do I receive the tax break from Flexible Reimbursement Account?**
 - A. Your Flexible Reimbursement Account contributions are automatically made from your salary before taxes are calculated. The Company reports the reduced amount on your W-2 form. You contribute to the Flexible Reimbursement Accounts before taxes and receive your reimbursements tax-free as well. This differs from the 401(k) retirement plan, which postpones taxes on your savings until you receive benefits.
2. **Q. How often are Flexible Reimbursement Account claims reimbursed?**
 - A. The Flexible Reimbursement Account Unit will process claims once per week if your claim is received by the Flexible Reimbursement Account Unit. All reimbursement checks are made payable to the Employee.
3. **Q. Why would I want to contribute money I could forfeit?**
 - A. When you enroll, you may wish to choose a conservative amount to set aside. However, many people adjust their spending – getting that dental work done or increasing their use of day care – to ensure that they use their entire account balances. If the dollar amount you forfeit is less than the tax savings you gained from using the Flexible Reimbursement Account, you're still ahead. For example, if you save \$400 but forfeit \$25 because you didn't submit enough in claims, you are still \$375 ahead.
4. **Q. If I have a change in family status, when does my Flexible Reimbursement Account change take effect?**
 - A. If you submit your FSA Change Form by the 15th of a month, your change takes effect the first pay period of the following month. Remember, the form must be received within 30 days of the family status change.

5. **Q. If I don't enroll now, can I enroll later?**

- A. You can only enroll in a Flexible Reimbursement Account 1) On the first payroll following one year of continuous employment, 2) During annual open enrollment, or 3) if you have a qualifying change in family status consistent with enrolling (see page 2).

Health Care Flexible Reimbursement Account

6. **Q. How does the Health Care Flexible Reimbursement Account compare to using the medical deduction on my federal income tax return?**
 - A. The Health Care Flexible Reimbursement Account gives you a tax break for every dollar you set aside. In contrast, on your tax return you can only itemize medical expenses, which exceed 7.5% of your adjusted gross income.
7. **Q. Do I have to enroll in the Company's medical and/or dental coverage to enroll in the Health Care reimbursement Account?**
 - A. No, you can use the Health Care Reimbursement Account whether or not you are enrolled for other Company benefits. And you can use your Health Care Account for medical expenses for your spouse and dependent children you claim on your tax return, even if you don't enroll then in your health care plan.
8. **Q. Can the Health Care Flexible Reimbursement Account reimburse me for the health care premiums my spouse pays at work? How about my premiums?**
 - A. No. Premiums for health care and dental care plans are not reimbursable.
9. **Q. Can I use the Health Care Account for treatments not covered by my medical plan?**
 - A. If your treatment is medically necessary and preformed by a licensed professional practicing within the scope of that license, yes. Examples include medically necessary homeopathy and acupuncture.

10. Q. Can I use the Health Care Account for over the counter medications?

- A. Medicines to alleviate sickness such as antacids, allergy medicines, pain relievers or cold medicines are reimbursable. Dietary supplements such as vitamins are not reimbursable because they are considered beneficial to general health and are not considered medical care expenses.

11. Q. Do I submit medical bills with my Flexible Reimbursement request form?

- A. If a health care plan covers part or all of your bill, first submit your bills to any health plan for which you are eligible. After you receive your medical Explanation of Benefits (EOB) form showing how much the plan paid, submit that medical EOB with your Health Care reimbursement claim form. If the charge is not covered by another plan, pay your bill and then submit your receipt and claim form to the Health Care Account for reimbursement.

Dependent Care Flexible Reimbursement

12. Q. Can I use the Dependent Care Account for children of any age?

- A. Eligible children must be under age 13 unless they are mentally or physically disabled and incapable of self care.

13. Q. Can I use the Dependent Care Account for children living with a former spouse?

- A. Children must live in your home at least eight hours a day in order to be eligible.

14. Q. Can I use my Dependent Care Account to pay my babysitter?

- A. That depends. You can use the account to pay a qualified sitter to care for your eligible child so you (and your spouse, if you're married) can work or attend school full-time. You cannot use the account to pay the sitter for personal activities, such as a "night out", shopping or volunteer work.

15. Q. Can any kind of day care facility qualify under the Dependent Care Account?

- A. No. A center that provides care for six or more individuals must be licensed to be eligible for reimbursement. If care is provided for fewer than six individuals, licensing is not required; however, they must report any income earned for the care of your child(ren) on their income tax return.

16. Q. What information needs to be on a dependent care invoice or receipt?

- A. Your invoice or receipt must show the name of the care provider, when the service was provided, who the service was provided for, the charge for the service, and the tax ID number. For an individual, this is the social security number.

17. Q. My spouse is self-employed and works at home. Can we use the Dependent Care Account?

- A. Yes, according to the Internal Revenue Code, you may be reimbursed for eligible dependent care expenses incurred so you can be gainfully employed. If you and your spouse need to pay for care so you can both work, you can use the account, regardless of your place of employment.

18. Q. How does the Dependent Care Account compare to using the tax credit on my federal income tax return?

- A. The Dependent Care Account gives you a tax break on every dollar you set aside. Generally if your household adjusted gross income is greater than \$24,000, your tax savings may be greater if you use the Dependent Care Account. See your personal tax advisor to determine the best choice for your situation.