# 2024
# Flexible Spending Accounts

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## Benefits Information by Phone

The WEX Participant Services Team can answer many of your benefits questions.

Call: **866-451-3399** | Representatives are available by phone to assist you 7:00 a.m. – 5:00 p.m. CT, Monday - Friday. CST

## Benefits Information on the web

https://Benefitslogin.wexhealth.com

## CONTENTS



### Limitations

Abel HR in its sole discretion may modify, amend, or terminate the benefits provided in this booklet with respect to any individual receiving benefits, including active employees, retirees, and their dependents. Although Abel HR has elected to provide these benefits this year, no individual has a vested right to any of the benefits provided. Nothing in these materials gives any individual the right to continued benefits beyond the time Abel HR modifies, amends, or terminates the benefit. Anyone seeking or accepting any of the benefits provided will be deemed to have accepted the terms of the benefits programs and Abel HR's right to modify, amend or terminate them.

Every effort has been made to ensure the accuracy of this book. However, if statements in this book differ from applicable contracts, certificates, and riders, then the terms of those documents will prevail. All benefits are subject to change.

## Flexible Spending Accounts

### How You Benefit

Abel HR FSA's add value and convenience to your health and dependent daycare expenditures. They also reduce your tax bill. Here's how:

1. Each year, you decide the amount you will contribute to your Health Care and/or Dependent Care FSA. This amount should cover your expected out of pocket health care and/or dependent daycare expenses for the year.

2. The contribution amount you choose will be divided into equal amounts—24 if you are paid bi-weekly and 48 if you are paid weekly—and deducted from your paychecks. The deducted amount will be deposited into the appropriate FSA and reported to Wex. That amount will also be deducted from your taxable earnings and, therefore, not taxed.

3. As you and your eligible dependents incur eligible expenses, all you need to do is submit reimbursement claims to Wex. **If you pay your medical expenses with your Health Care Spending Account card, save your itemized receipts. Wex will require this documentation to substantiate your claim. If a receipt cannot be provided, you may be requested to pay back the amount you were reimbursed.**

4. You can claim amounts equal to your entire annual health care contribution from your Health Care FSA at any time during the year.

5. To receive a reimbursement from your Dependent Care FSA, you must have accumulated sufficient contributions to cover the claim being made.

6. You will not pay taxes on the amounts you contribute to either account, and your annual taxable income is reduced by the amount of your contribution.

7. **One cautionary note:** It is important to carefully— and accurately—predict your yearly out-of-pocket expenditures. Any amounts contributed to your account for which a reimbursement claim is not made by the deadline will be forfeited. In other words—use it or lose it!

8. You can incur eligible expenses for your accounts until December 31st of the calendar year in which you are enrolled.

9. You can file claims for reimbursement of your current year expenses through March 31st of the following year.

10. Please read this book carefully to make sure you understand the key features of this valuable taxsaving program.



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## Plan Overview

Abel HR's Flexible Spending Accounts (FSAs) allow you to set aside pre-tax dollars for certain out-of-pocket health care and dependent daycare expenses, thus lowering the amount of income tax you will pay while providing more value for every expenditure you make.

Abel HR offers two types of accounts—a Dependent Care FSA and Health Care FSA:

- A Dependent Care FSA allows you to put aside pre-tax dollars to cover daycare expenses for your eligible dependents so you can work, or if you are married, so you and your spouse can work or your spouse can attend school full time.
- A Health Care FSA covers eligible health care expenses for you and your eligible dependents.

## How the Accounts Work

Managing an FSA is simple. Each year you estimate your annual heath care and/or dependent daycare expenses and contribute this sum on a pre-tax basis into the appropriate FSA.

As you incur eligible expenses, you simply submit the required documentation to Wex.

**Important differences to remember:** You can file claims for amounts totaling up to your entire annual health care contribution from your Health Care FSA at any time during the year.

- To receive a reimbursement from your DependentCare FSA, you must have accumulated sufficient contributions to cover your claim at the time your request is made.

## Advantages of FSAs

- **You lower your taxable income.** Your FSA contributions are deducted from your paycheck on a pre-tax (tax-free) basis—before federal, state, and Social Security (FICA) taxes are taken out.
- **Your other benefits are not affected.** Your FSA contributions lower your taxable income but they do not lower the amount of salary used to calculate your other benefits—including your Retirement Plan contributions, Long-Term Disability and Group Life Insurance.
- **You realize additional savings.** Since contributions deposited into your FSAs are tax-exempt, you are using tax-free dollars to pay your eligible health care and dependent daycare expenses. Also, FSAs have a built-in budgeting component—when you make your annual contribution, you have ensured that you will have money available to pay for your eligible medical and dependent daycare expenses. And with the reimbursements provided by Wex, you will have access to the total amount available for eligible health care expenses as soon as the expenses are incurred.
- **You receive immediate benefits.** When you use an FSA you realize immediate tax savings every payday. If you take medical expense deductions or claim a dependent care tax credit, you cannot claim your savings until you file your annual tax return.
- **Having a Health Care FSA may be more advantageous than merely taking medical expense deductions when you file your tax return.** Only those medical expenses that exceed 10% of your adjusted gross income can be deducted when you file your annual federal income tax return, whereas all amounts contributed to a Health Care FSA— beginning with the first dollar—are tax-exempt. And you will be reimbursed even for small amounts, such as co-pays, prescription expenses, and other minor medical and dental expenses.
- **Depending on your annual income, a Dependent Care FSA may also be more advantageous than taking a Dependent Care Tax Credit on your tax return.**



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## Important points to remember:

- You cannot “double deduct.” For example, you cannot take a tax credit on your income tax return for expenses that are reimbursed to you through a Dependent Care FSA. Similarly, you cannot take a medical expense deduction for expenses that are reimbursed to you through a Health Care FSA.
- Any sum reimbursed from your Dependent Care FSA reduces your eligible Dependent Care Tax Credit by the same amount.
- **There is a deadline for submitting claims.** FSAs are subject to a “use it or lose it” rule imposed by the IRS. The IRS requires you to forfeit any unclaimed money in your Health Care and/or Dependent Care FSA after the closing date for the plan year. All claims must be received at Wex in good order no later than March 31st. After the end of the plan year.
- Reimbursements may only be made for claims incurred during the period of coverage. Expenses are treated as having been incurred when the participant is provided with the medical care that precipitates the expense, not when the participant is billed or pays for the care.
- If your employment is terminated voluntarily or involuntarily, you will have 90 days from your last date of employment to submit claims to WEX for reimbursement for qualified expenses incurred through that date.

## Eligibility, Enrollment, and Effective Date

### Eligibility

You can contribute to Dependent Care and Health Care as long as you receive a salary for at-least four consecutive months in Abel or working 30 or more hours per week.

### Enrollment

Participation in FSAs is completely voluntary. If you wish to participate, you must enroll each year, even if you wish to continue the same annual contributions from year to year. See this page for effective dates.

The enrollment process differs between new and continuing employees.

- **Newly hired Employees** must enroll during initial enrollment.
- **Continuing Employee's** are asked every year to re-enroll in an FSA during the annual Open Enrollment. If you wish to participate in an FSA for the next year, you must re-enroll during Open Enrollment, re-enroll will result in cancellation of plan participation.

### Effective Dates

If you enroll in a Flexible Spending Account (FSA) your election is effective as follows:

- If you are a continuing employee and you enrolled during Open Enrollment, your election will be effective from January 1 through December 31.

- If you are a newly hired or newly eligible employee, your enrollment becomes effective on the date of eligibility, and it remains in effect until December 31.

- After you have elected to receive benefits or waive participation under the plan, the IRS requires that you may not start or stop participating or change the amount of your contribution during the plan year until the next Open Enrollment period, unless you experience an eligible change in status during the year. You must report the change in status within 30 days of the event. IRS rules prohibit retroactive adjustments.

## Before You Enroll, Consider This:

- **You can only request reimbursements for eligible expenses.** Your FSAs can only be used to reimburse eligible expenses for care provided from the effective date of your enrollment through December 31st, Different rules apply to Dependent Care and Health Care expenses if your participation in the plan ends before December 31st. Refer to page 23 for details.

- **Deadline for submitting claims.** You can file claims for the current plan year expenses until March 31st.

- **Your enrollment is effective until December 31st**

- Once you enroll in an account, you cannot stop or change your deductions unless you have a change in status.

- **Once you have specified a salary reduction (contribution amount)**, that amount is divided equally over the number of pay periods that remain following your effective date of participation in the plan (see below if you are paid bi-weekly). If you do not receive a paycheck, or have insufficient salary from which to take your FSA deduction, your FSA payroll contribution amount will increase in the following months in order to reach your annual contribution amount.

- **Account funds are not transferable.** You cannot use a Dependent Care FSA to reimburse health care expenses, and you cannot use a Health Care FSA or Limited Purpose Health Care FSA to reimburse dependent daycare expenses. Also, you cannot transfer funds from your account into your spouse's account, and you cannot transfer your participation in an account to your spouse.

- **Appropriate documentation is required.** Itemized receipts are required for reimbursement. You should keep copies for your files of all documents submitted for reimbursement.

- **Save all your receipts.** You will need them to file claims. If you pay your medical expenses with your Health Care Spending Account card, Inspira Financial will require itemized receipts to substantiate your claim.

- **Use it or lose it.** Estimate your expenses carefully before you establish your annual contribution amount. Do not contribute more than you reasonably expect to spend on eligible expenses for the year as mentioned in the "Plan Overview" section, page 2. The IRS requires that you forfeit any funds left in your account after the reimbursement deadlines have expired. Funds remaining in the current year accounts will be forfeited 90 days from date of termination or March 31st next year.

- **Your contributions will lower your Social Security Wage Base.** If you earn the Social Security maximum salary, your FSA contributions will lower your FICA Social Security taxes. Since your Social Security taxes will be calculated after your FSA contributions are subtracted, your Social Security benefits may be slightly lowered as well.



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## Enrollment Confirmation Statement

After your enrollment is processed by Wex, you will receive a Wex card email in the mail at your home address on record with Abel HR.

## Bi-weekly Payroll Deduction Schedules for Flexible Spending Accounts

If you are paid bi-weekly, the contribution amount you elect for Health Care, Dependent Care or Limited Purpose Health Care Flexible Spending Accounts (FSA) is divided into 24 equal amounts. Deductions will be taken from the first two paychecks each month. In months where there are three paychecks, you will not have a deduction from the last paycheck.

You can claim amounts equal to your entire annual health care contribution from your Health Care FSA at any time during the year. However, to receive a reimbursement from your Dependent Care FSA, you must have accumulated sufficient contributions to cover the claim being made.

## Your Dependent Care FSA

Covers eligible daycare expenses for your eligible dependents so you can work, or if you are married, so you and your spouse can work, or your spouse can attend school full time.

### Contribution Limits

Federal tax laws place limitations on the amount you can contribute to a Dependent Care Flexible Spending Account each plan year. You may choose an annual contribution of any whole dollar amount up to the maximum family amount for which you qualify. Your maximum contribution depends upon your annual earnings, your tax filing status, your spouse's annual earnings, and several other factors.

### Guidelines for Determining Your Dependent Care Maximum Contribution Amount

You may contribute up to the lesser of:

- $5,000 per plan year if you are single or if you are married and filing a joint income tax return;
- $2,500 if you are married and filing a separate income tax return;
- your total earned income; or

#### Dependent Care FSA Contribution Limits

The federal maximum contribution limit applies to contributions made to this and other dependent care flexible spending accounts you or your spouse participate in during a given year. Therefore, if you start working after the beginning of the plan year and would like to participate in the Dependent Care Flexible Spending Account, you must consider any contributions made to your previous employer's dependent care plan when determining your maximum contribution limit for this account.

It is your responsibility to ensure your annual contributions, separately or combined with your spouse's, do not exceed the maximum amount allowed by the IRS.

Guidelines for Determining Your Dependent Care Maximum Contribution Amount



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# Eligible Dependent Care Expenses

As a general rule, eligible Dependent Care expenses for current year are those associated with the daycare provided in the current year to your eligible dependents while you (and your spouse if you are married) were either at work or looking for work, or so that your spouse could attend school full time.

## Eligible Dependents

Eligible dependents are:

- children under the age of 13 who you will claim as exemptions for federal tax purposes for previous year;
- a spouse who is physically or mentally unable to care for himself or herself and resides with you for more than 1/2 of the calendar year; or
- your parent or other qualifying relative who is physically or mentally unable to care for himself or herself. To be a qualifying relative, the individual must meet the following requirements: (1) have the same principal place of abode as the employee for the entire calendar year; (2) be a member of the employee's household for the entire calendar year; (3) receive more than half of his or her support from the employee; (4) not be the employee's "qualifying child" under Code Section 152; and (5) be a U.S. citizen, U.S. national of the U.S., or a resident of the U.S., Canada, or Mexico.

## Eligible Dependent Care Expenses

This list is not complete; other items may be eligible. If you anticipate large expenses that are not listed, or you have other eligibility questions, contact Inspira Financial. You can find a complete description of eligible dependent care expenses in IRS Publication 503, "Child and Dependent Care Expenses." Copies are available at: irs.gov/publications/p503.

To be eligible for reimbursement, care must be provided by:

- home-based licensed daycare;
- licensed daycare center (elder care or child care);
- nursery school;
- private babysitter in your home or theirs;
- private preschool program;
- providers of care for disabled dependents;
- public or private before-school and/or after-school programs for custodial care;
- public or private summer day camps;
- your child, age 19 or older, or any other individual you do not claim as a dependent on your income tax return; or
- immigrants who have filed and are waiting for their green card are eligible daycare providers only if they have a U.S. Social Security number.

## Ineligible Expenses

- babysitting for social events;
- care provided by your child under age 19 or any other person you claim as a dependent on your income tax return;
- cost of food, clothing, and diapers (unless such costs are incident to and cannot be separated from the cost of the daycare);
- cost of transportation between your home and the place where dependent daycare services are provided;
- cost of specialty or educational before-school or after-school programs;

- expenses for overnight camps;
- expenses for which a dependent care tax credit is taken or expenses which are reim-bursed under a Health Care FSA;
- expenses for education;
- late payment fees;
- placement fees for providing a dependent daycare provider (i.e., an au pair); or
- sports lessons, field trips, and clothing

## Estimating Your Eligible Dependent Care Expenses

To help you estimate your dependent daycare expenses —and calculate the amount of pre-tax salary to deposit into a Dependent Care FSA—use PayFlex's interactive worksheet on their website at: paylfex.com

## Dependent Care Tax Credit

Abel HR cannot provide you with tax advice. This information is included to assist you in making an informed decision based on current tax allowances under the federal Child Care Tax Credit.

Depending on your income, it may be more advantageous to take a Tax Credit when filing your income tax return than paying your expenses through a pre-tax Dependent Care FSA.

The amount you save on taxes will vary depending on the method you use, your salary, your expenses, and your tax status. Different tax-savings methods affect your cash flow, financial flexibility, and federal income tax return preparation in different ways. Consult your tax advisor for help determining what is best for you.

For information on IRS rules pertaining to Dependent Care Expenses, refer to IRS Publication 503, "Child and Dependent Care Expenses." It is available on the Web at: irs.gov/publications/p503

## Dependent Care FSA and the Tax Credit — How They Are Alike

- You must be at work or looking for work while your child or other eligible dependent is receiving daycare. If you're married, your spouse must be employed in a paying job, looking for work, attending school full time, or disabled.
- The child or other dependent must live in your home and must be claimed as a dependent on your federal income tax return. You must pay a qualified person to care for your eligible dependent at your home, at a licensed day-care center, at a day camp, or at another
- location, except any overnight camp, or any school for first grade or above. (School expenses for children below the first grade may or may not be eligible, depending on your daycare arrangement. Refer to IRS Publication



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503 at: irs. gov, or consult your tax advisor. A qualified person providing dependent daycare does not include your spouse, any of your children under age 19, or any other person whom you claim as a dependent.

- Children under the age of 13 are eligible. Expenses for other dependents such as children age 13 or over, parents, or a spouse may be reimbursed only if the dependents are disabled or cannot otherwise care for themselves because of physical or mental problems. To be considered your dependent, the individual must reside with you for more than 1/2 of the calendar year and must be someone who you could claim as an exemption on your taxes. You must show on your federal income tax return for the year in which the daycare is provided the name, address, and (except for churches or other taxexempt dependent care centers) the taxpayer identification number of any person or dependent care center that you pay to provide dependent care. Failure to comply or to provide accurate information may result in a penalty, either loss of the tax credit or inclusion of Dependent Care FSA contributions in your taxable income.

- It may be advisable to give each daycare provider an IRS Form W-10, Dependent Care Provider's Identification and Certification. The provider should complete the form and return it to you. You should then retain the form in your files. If the daycare provider fails to complete the form, compile as much information about the provider as possible.

- You should keep documentation to support all claims.

- You must have a Social Security number for each dependent who is at least one year old, and you must report this number on your federal income tax return. Failure to comply may result in a $50 penalty each time the number is omitted. For further details and examples, refer to IRS Publication 503 or consult your tax advisor.

## Dependent Care FSA and the Tax Credit — How They Differ

- A Dependent Care FSA applies to up to $5,000 of daycare ($2,500 if you're married and filing separately) provided to one or more of your dependents in any calendar year. If you use a Dependent Care FSA, your tax savings will equal your tax rate multiplied by your total dependent daycare expenses (up to $5,000) paid under the plan.

- You also realize savings on FICA taxes. The FICA tax rate is 7.650; or 6.2% on earnings up to the Social Security wage base for OASDI taxes, and 1.45% on all earnings for Medicare. If your salary after Dependent Care FSA is above the Social Security wage base, you will not realize tax savings on the OASDI component of FICA, but will still realize some savings on the Medicare component.

- The federal tax credit allows you to claim a nonrefundable income tax credit for 20% to 35% of certain employment-related dependent daycare expenses. The rate of the credit is reduced by 1% for each $2,000 of your adjusted gross income over $15,000. (The rate never drops below 20%, however.) Eligible expenses are limited to $3,000 if your expenses are for one qualifying dependent; $6,000 if they are for two or more.

- Any amount reimbursed to you from your Dependent Care FSA reduces, dollar for dollar, the expenses eligible for calculating the federal tax credit. Thus, if your expenses are for two qualifying dependents and you are reimbursed for the maximum amount allowable under the Dependent Care FSA ($5,000), you will still have $1,000 of expenses eligible for the federal tax credit.

## Dependent Care FSA Advantages

- Budgeting for regular dependent daycare expenses is easy. The amount you specify is taken from your paycheck each month or bi-weekly and reimbursed to you after the dependent daycare has been provided and you submit a claim.

- Your tax savings are immediate. The amount you contribute to your Dependent Care FSA each month is not taxable, so your taxes are calculated using a lower income. (Your end-of-year tax refund may be lower.)

- Keeping tax records is easy because you record the information on your Dependent Care FSA claim form and keep a copy for yourself. All the dependent daycare information you need to complete your federal tax return will be readily available at tax time.

- If you use a Dependent Care FSA exclusively, at the end of the year you don't have to calculate a federal tax credit when you pay your taxes. Your dependent daycare tax benefit has been taken into account all year.

## Dependent Care FSA Disadvantages

- Once you sign up, your deduction amount will remain the same all year unless you have an eligible change in your family or employment status.

- During your first month in the program, your costs may be doubled because you may be contributing to your Dependent Care FSA and paying your daycare provider without being reimbursed immediately. After the first month, if you file claims monthly, you pay expenses for the current month and are reimbursed for the preceding month's claim.

- You lose any money that remains in your account after the deadline for submitting claims for the plan year. If you overestimate your daycare expenses— that is, you contribute more to the program than you can claim—the IRS requires that you forfeit your excess contributions.

- Because your Dependent Care FSA contributions are not subject to FICA tax, your future Social Security benefits could be slightly reduced as a result of your participation.

## Other Important Guidelines

As you plan your expenses, consider these guidelines:

- you cannot use the Dependent Care FSA to pay for care of a qualifying person outside your home unless that person regularly spends at least eight hours per day in your home;

- your expenses are reimbursable only if the dependent care is provided to make it possible for you, and your spouse if you are married, to work or look for work, or to enable your spouse to attend school full-time;

- you can only be reimbursed for daycare delivered from January 1st through December 31st. You incur expenses when the care is provided rather than when you are billed or when you pay for the care. You will not be reimbursed for expenses until after the care is provided;

- an eligible dependent care expense can be claimed on your income tax return or reimbursed from your FSA—but not both;

- be sure to anticipate any time when you will not incur dependent daycare expenses, such as family vacations, school breaks, etc., or a time when your expenses will change, such as when your child reaches school age; and

- keep in mind you may only claim dependent daycare expenses for children under the age of 13. For example, if your 12-year-old child turns 13 in March, expenses incurred after March will not be reimbursable.



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# Flexible Opendays, Filing Dependent care FSA and Commuter Claims for Reimbursement

## Filing a Claim

After you incur an eligible expense, you have the option of submitting a claim online or completing a paper claim form and mailing or faxing it along with your itemized documentation.

## Submitting a claim online:

**To reimburse yourself:**

- Login at benefitslogin.wexhealth.com by entering your user-name and password.

## Submitting a Paper Claim via Mail or Fax

- Mail the completed form and itemized receipts to: **Wex**
  PO Box 2926
  Fargo, ND 58108-2926

(Or) FAX the completed form along with the itemized receipts to (866) 451-3245.

## Federal Form 1040

Amounts you contribute to a Dependent Care FSA will be reported in Box 10 on your W-2 Form. Complete and file an IRS Form 2441 with your federal income tax return.

# Changing Your Dependent Care FSA Election

You can always change your contribution during Open Enrollment (usually held in October); changes made during Open Enrollment are effective January 1. You can enroll in the Dependent Care FSA for only one year at a time, so if you do not enroll during Open Enrollment, your participation in the Dependent Care FSA will end on December 31.

Certain changes in your family, daycare, or employment status may also provide an opportunity in which you may start or stop participating or change the amount of your Dependent Care FSA contribution during the plan year. Changes in status are identified by Section 125 of the Internal Revenue Code. IRS rules require that changes to participation and/or to contribution amounts during the plan year must be made on account of and consistent with an eligible change in status. An election change is “consistent” if that change is “on account of” and “corresponds” with a change in status event that affects eligibility for coverage with some exceptions that are identified on the chart on page 14.

To request a change, visit hr.umich.edu/fsa-formsdocuments and download and complete the Dependent Care Flexible Spending Account Request for Change in Status form and return your signed form to SSC.

The chart on page 14 identifies certain eligible events that allow a mid-year change in your Dependent Care FSA and the corresponding election change that may be made. You must contact the SSC Contact Center within 30 days of the event and be prepared to provide documentation of the change upon request.

The chart on page 15 identifies certain eligible events related to child care.

Changes in deduction amounts will be effective the first day of the month following the receipt of the authorization form or date of eligibility, whichever is later.

| Changes in Your or Your Dependent's Personal Status | Changes You May Make to your Dependent Care FSA |
|---|---|
| Your marriage | You may newly enroll or increase your annual election amount to accommodate newly acquired dependents. You may decrease or cancel coverage if your spouse is not employed or has a Dependent Care FSA through their employer. |
| The loss of your spouse through divorce, annulment, or death | You may newly enroll or increase your election if coverage is lost under spouse's Dependent Care FSA or to take into account the expenses of newly eligible dependent (e.g., due to divorce from nonworking spouse). You may decrease or cancel coverage if eligibility is lost (e.g., your dependent now resides with ex-spouse). |
| Your attainment of a newly eligible dependent through birth, adoption, or placement for adoption | You may newly enroll or increase your annual election amount for newly eligible dependent. |
| An event by which a dependent becomes your eligible tax exemption (e.g., you are appointed guardian of a minor ward, your parent moves into your home and you will claim as a dependent on your federal income tax return) | You may newly enroll or increase your annual election amount to take into account expenses of affected dependent. |
| The loss of your dependent through death | You may decrease or cancel election to take into account expenses of affected dependent. |
| An event by which a dependent ceases to satisfy eligibility requirements (e.g., child attains 13 years of age) | You may decrease or cancel election to take into account expenses of affected dependent. |

| Changes in Your or Your Dependent's Employment Status | Change You May Make to Your Dependent Care FSA |
|---|---|
| Change in employment status can affect your eligibility (termination or commencement of employment; strike or lockout; commencement of or return from an unpaid leave of absence) | If you terminate employment or go on an unpaid leave of absence, you may change your election amount or terminate coverage.* If you return from an unpaid leave of absence, you may start an account or change your election amount.* |
| Your spouse commences employment or has another employment event that triggers eligibility to enroll in their employer's Dependent Care FSA plan (e.g., part-time to full-time, returns from a leave of absence) | You may newly enroll (if spouse previously did not work). You may decrease or cancel election provided spouse elects coverage under their employer's Dependent Care FSA plan. |
| Your spouse terminates employment or has another employment event that causes loss of eligibility under their employer's Dependent Care FSA plan (e.g., full- to part-time) | You may decrease or cancel election if spouse stops working. You may newly enroll or increase your annual election amount to reflect loss of spouse's eligibility under their employer's Dependent Care FSA plan. |

* For further information about coverage during an unpaid leave of absence and termination of employment, refer to "Special Circumstances that May Affect Claims Payment" on page 23.



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| Dependent Care Event | Election Change |
|---|---|
| Change from one child care center to another, which charges a different rate, for a reason such as:<br>• concern about a center's administration, staff quality, or staff turnover;<br>• the center cares only for children age two or over, a new baby arrives and participant wants care for the new baby and the siblings at one center;<br>• a child is in a temporary center while wait-listed for a preferred center, and a position opens;<br>• a new, state-of-the-art facility opens and participant enrolls child at the new center;<br>• a change in participant's residence or work location makes a new center more convenient or results in a change in the cost of coverage of your child care provider;<br>• a center requires that a child be moved due to the child's unsafe behavior (e.g., biting or hitting) or a parent's frequent late child pickups; or<br>• a child needs to be moved from a child care center due to chronic illness. | Increase or decrease election amount consistent with change in qualified dependent care expenses. (If the new child care center is more expensive, the election amount may be increased in a corresponding amount.) |
| Change in a home child care provider, including a change in a nanny-sharing arrangement* | Increase or decrease election amount consistent with change in cost. |
| Change in home child care provider because a relative or friend has agreed to watch the child for free | Decrease or cancel election. |
| Employee or spouse changes work schedules (including to or from part-time status), changing the hours of outside child care required and the amount of eligible dependent care expenses. | Increase or decrease election amount consistent with change in cost. |

* IRS regulations provide that a cost increase by a child care provider who is a relative will not allow an election change.



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# Filing Health Care FSA Claims For Reimbursement

You may file a claim for reimbursement only after you or your dependent receives the eligible health care services, even if you paid in advance.

## Paying for Claims with the Spending Account Card

The WEX Card lets you pay for purchases directly from your account and reduces the number of claims you have to file.

The Spending Account Card:

- offers easy access to account funds;
- works like a credit card, only the funds are deducted from your FSA;
- updates your account balance and transaction history in real-time; and

You will automatically receive the WEX Card when you newly enroll in the Health Care Flexible Spending Account program.

You may only use the Spending Account card at establishments that have implemented an Inventory Information Approval System (IIAS). A listing of retail-ers supporting the IIAS infrastructure can be found at sig-is.org.

If you pay your medical expenses with your WEX Card, request itemized receipts and save them. Inspira Financial will require this documentation to substantiate your claim. If an itemized receipt cannot be provided, you may be requested to pay back the amount you were reimbursed.



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# Changing Your Health Care FSA Election

You can always change your contribution during Open Enrollment (usually held in October); changes made during Open Enrollment are effective January 1. You can enroll in the Health Care FSA for only one year at a time, so if you do not enroll during Open Enrollment, your participation in the Health Care FSA will end on December 31.

Certain changes in status may also provide an opportunity in which you may start or stop participating or change the amount of your Health Care FSA contribution during the plan year. Changes in status are identified by Section 125 of the Internal Revenue Code. IRS rules require that changes to participation and/or to contribu-tion amounts during the plan year must be made on account of and consistent with an eligible change in status. An election change is “consistent” if that change is “on account of” and "corresponds” with a change in status event that effects eligibility for coverage.

The chart on page 22 identifies permissible events that allow a mid-year change in your Health Care FSA and the corresponding election change that may be made. You must contact the SSC Contact Center within 30 days of the event and be prepared to provide documentation of the change upon request.

To request a change, visit hr.umich.edu/fsa-forms-documents and download and complete the Dependent Care Flexible Spending Account Request for Change in S

tatus form and return your signed form to SSC.
The chart on page 22 identifies permissible events that allow a mid-year change in your Health Care FSA and the corresponding election change that may be made. You must contact the SSC Contact Center within 30 days of the event and be prepared to provide documentation of the change upon request.

## Submitting a claim online:

Changes in deduction amounts will be effective the first day of the month following the receipt of the authorization form or date of eligibility, which-ever is later.

The IRS rules that allow mid-year changes in a Health Care FSA are much more restrictive than otherwise permitted for enrollment under a pre-tax health insurance plan or a Dependent Care FSA. While you may be allowed to make changes to other coverage options under some of the following situations, changes to your Health Care FSA are not permissible if:

- you move inside or outside of an HMO service area and change your health insurance option;
- your annual earnings decrease due to a change in your appointment percentage or other job change, and you still remain eligible to participate in the university’s Health Care FSA; or
- your anticipated health/dental/vision costs increase or decrease due to unanticipated factors. Some examples include the following situations:

  1. you funded your FSA with an expectation of having LASIK eye surgery and were advised you were not a good candidate for surgery;
  2. you funded your FSA with an expectation of having extensive dental work done. Scheduling issues by your dentist’s office resulted in the needed work to be carried over several months, and all of the work could not be completed before the end of the plan year;
  3. you funded your FSA with an expectation of having limited out-of-pocket expenses for the year. Midway through the year, your dependent required outpatient mental health treatment that was only partially covered by your health plan, resulting in significant out-of-pocket expenses; or



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4. you funded your FSA with an expectation of continued use of a particular prescription drug at a fixed co-pay amount. Your PCP determined it was necessary to change the medication to a drug with a higher co-pay, or your condition improved and you no longer needed to take the drug.

These are but a few examples, but they share one common theme the IRS has ruled on: The employee's intent when signing up for the Health Care FSA is not relevant. The Health Care FSA remains available to reimburse outof-pocket medical expenses and a mid-year change is not allowed under these or any other similar circumstances. Please keep this in mind when deciding how much to contribute to a Health Care FSA. You forfeit any contributions you cannot claim.

| Change in Status Event | Changes You May Make to Your Health Care FSA |
|---|---|
| Change in Your Legal Marital Status (marriage; death of spouse; divorce; or annulment) | • If you marry, you may increase your election when a family member is added; or decrease your election if: (i) you, your spouse or dependents become eligible under your new spouse's employers' medical plan; and (ii) your spouse is a participant in his or her employer's plan, and (iii) coverage for the affected individual becomes effective or is increased under the other employer's plan.<br>• If you cease to be married, you may decrease your election for the former spouse who loses eligibility. You may enroll in or increase your own election only if you have lost coverage under your former spouse's medical plan. |
| Change in Number of Your Tax Dependents (birth; death; adoption; or placement for adoption) | • If you gain a dependent, you may enroll in or increase your election for the newly acquired dependent.<br>• If you lose a dependent, you may decrease your election for the dependent who loses eligibility. |
| Changes in Employment Status That Affect Eligibility of the Employee, the Employee's Spouse, or the Employee's Dependent (termination or commencement of employment; strike or lockout; commencement of or return from an unpaid leave of absence) | • If you terminate employment or go on an unpaid leave of absence, you may change your election amount or terminate coverage if some other qualifying change in eligibility occurred during the leave.*<br>• If you return from unpaid leave of absence, you may start an account or change your election amount if some other qualifying change in eligibility occurred during the leave.*<br>• If your spouse terminates employment, or goes on an unpaid leave of absence, you may enroll in or increase your election if your spouse or depend-ent loses eligibility for participation in their employer's medical plan.<br>• If your spouse or dependent commences employment or returns from an unpaid leave that triggers a gain in eligibility under his or her employer's plan, you may decrease your election if your spouse or dependent gains eligibility and enrolls in his or her employer's medical plan.<br>• For U-M employees enrolled in a HCFSA an increase in hours does not allow you to change your HCFSA. |



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| Change in Status Event | Changes You May Make to Your Health Care FSA |
|---|---|
| Dependent Satisfies or Ceases to Satisfy Eligibility Requirements (gain or loss of dependent status as defined by IRC Section 152) | • If your dependent gains eligibility, you may enroll in or increase your election to take into account the expenses of the affected dependent.<br>• If your dependent ceases to be eligible, you may decrease your election to take into account the ineligibility of the expenses of the affected dependent. |
| Certain Judgments, Decrees, or Court Orders | • If a judgment, decree, or court order from a divorce, legal separation, annulment, or change in legal custody requires that accident or health coverage for your dependent child (including a dependent foster child) be provided by:<br>□ you, you may change your Health Care FSA election to provide the child with corresponding coverage.<br>□ your spouse, former spouse, or other individual, you may change your Health Care FSA election to decrease corresponding coverage for the child if the other individual actually provides the coverage. |
| Eligibility for Medicare and Medicaid | • If you, your spouse, or your dependent:<br>□ are enrolled in the compnay's medical benefit plan, and become entitled to and enroll in Medicare or Medicaid (other than coverage solely for pediatric vaccines), then for that individual you may decrease your Health Care FSA election, if the Medicare/Medicaid coverage is more comprehensive—or increase it if the company coverage was more comprehensive.<br>□ lose eligibility for Medicare or Medicaid, then for that individual you may increase your election— or decrease it where the company's plan is more comprehensive. |

** Refer to "Special Circumstances That May Affect Claims Payment" on page 23 for further information about coverage during an unpaid leave of absence and termination of employment.*



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# Special Circumstances That May Affect FSA Claims Payment

Contact the SSC Contact Center if you experience one of the following special circumstances:

## Leaves

During periods when you are not receiving a salary from the company, you can contribute to a Health Care FSA, but you cannot contribute to a Dependent Care FSA. Such periods include:

- a leave of absence (Leave);
- reduction in force (RIF); or
- a leave under the Family Medical Leave Act (FMLA).

Though you can during these periods continue to submit claims for expenses incurred within the appropriate calendar year, the procedures vary depending on the type of account involved.

## Health Care FSA

- You may only receive reimbursements for services incurred during periods when you contribute to the account.
- If you wish to receive reimbursements during a Leave or other period when you are not receiving a salary, you must make after-tax contributions to your Health Care FSA. Reimbursements will be based on the total amount you elect for the year and will be paid upon request.
- When you return from a Leave or RIF to an appointment eligible for benefits within the same year, your monthly or bi-weekly FSA payroll

## Dependent Care FSA

- You may continue to submit claims for expenses incurred from January 1 through December 31.
- The amount of the reimbursements will be subject to the balance in your account. If there are sufficient funds, claims will be honored upon request.
- When you return from a Leave or RIF to an appointment eligible for benefits within the same year, your monthly or bi-weekly FSA payroll contribution amounts will increase in order to reach your annual contribution amount.

## COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) allows you to continue your Health Care FSA with after-tax contributions even after losing your eligibility to participate (for example, due to termination of your employment).

To submit claims for expenses incurred after you become eligible for COBRA, you must continue your account through COBRA.

A letter explaining your rights and responsibilities under COBRA will be mailed to your home within six weeks after you enroll in university benefits as a new hire or newly eligible faculty or staff member. Please read the letter carefully and keep it with your records for future reference, if necessary.

## The WEX Card

The WEX Card is similar to a debit card because it electronically accesses your healthcare account to pay for eligible expenses. You can use the card at qualified merchant locations where a Credit Card is accepted. The WEX Card is accepted at healthcare merchants as well as non-healthcare merchants who have implemented an inventory information approval system (IIAS). Qualified merchants



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include physician and dental offices, hospitals, mail order prescription vendors, hear-ing and vision care providers. The card can also be used at discount stores, grocery stores, and pharmacies, provided the merchant has implemented an IIAS.

It is important you keep all itemized receipts and Explanation of Benefits (EOBs) in the event the information is requested by WEX to comply with IRS regulations. An itemized receipt includes the date of purchase or service, name of merchant or service provider, description of product or service and amount of purchase.

You will receive a letter from Inspira Financial requesting documentation of an expense, which would require you to submit this information to comply with IRS regula-tions. The letter identifies the transactions that require substantiation and asks you to provide documentation.

### Will I receive a new Inspira Card each year?

Your card is valid for at least a three-year period so you may not receive a new card when you re-enroll in the program. Please refer to the expiration date printed on your WEX Card. A new card will auto-matically be mailed to you prior to your card's expiration date.

## Claim Denial and Appeal Procedures

If a claim is denied in whole or in part, the claimant will receive an Explanation of Benefits (EOB) form from WEX. The EOB will include:

- the specific reason(s) for the denial; and
- a description of any additional material or information necessary to perfect the claim and an explanation of why the material or information is necessary.

If a claim for benefits is denied in whole or in part, or if you or your dependents believe that benefits under the Health Care FSA plan to which you are entitled have not been provided, an appeal process is available to you. You, your dependents, or your authorized representative may appeal in writing to WEX after the denial is received.



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