



# Franklin County Schools FSA PARTICIPANT GUIDE

## What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is a benefit your employer provides that allows you to pay certain health care and dependent daycare expenses with pre-tax money. You will not pay any Federal, Social Security, and in most cases, state or local taxes on the funds you allocate into the plan. You can save an estimated \$20 to \$40 on every \$100 you elect to defer. The amount of your savings will depend on your federal, state, and local tax brackets.

It is important that you understand how FSA's work in order to maximize their

valuable advantages. This guide will help you understand these accounts, their rules, reimbursement procedure, and the election process. For further info on FSA's, please visit us at [www.emangrove.com](http://www.emangrove.com).

All benefit eligible employees are eligible to participate in an FSA plan that begins September 1, 2011 and continues through August 31, 2012. To enroll in the plan, please contact your HR department. You do not need to participate in any other employer benefits to participate in the FSA.

## Why would I want to elect an FSA?

Do you or any of your eligible dependents have monthly prescriptions? Wear glasses or contacts? Go to the doctor or dentist? If you answered yes to any of these questions you should consider electing an FSA. The account will be funded with the entire amount of your annual election the first day of the plan year which will allow you immediate access to your funds to submit expenses against as soon as the plan starts. Your account is paid back via your payroll deductions on each paycheck during the plan year on a pre-tax basis. It's a no-

tax, no interest "loan" that will be paid off via your payroll contributions and is a great way to save money on your taxes while still providing access to your funds for eligible medical expenses.



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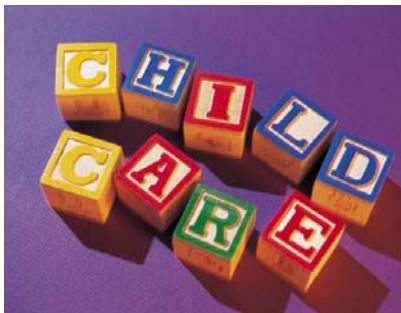


**Healthcare FSA  
Eligible Expenses:**

- Deductibles
- Co-payments
- Co-insurance
- Prescriptions
- Dental Treatment
- Orthodontia
- Lab Fees
- X-Rays
- Vision Expenses
- Lasik Surgery
- Physical Therapy
- Chiropractor

**Healthcare FSA  
Ineligible Expenses:**

- Cosmetic Surgery
- Teeth Whitening
- Botox
- Non Prescribed Vitamins & Supplements
- Toiletries
- Massage Therapy
- Meals



**Dependent Care  
Eligible Expenses:**

- Day Camps
- Before/After School Care
- Day Care Centers
- Au Pair
- Nanny
- Nursery/Pre-School

**Dependent Care  
Ineligible Expenses:**

- Registration Fees
- Overnight Camps
- Care for child while not working
- Kindergarten
- Food, Activity, Transportation, Books, Clothing, Entertainment

## Healthcare FSA

Almost every person has a number of necessary and predictable expenses that are not paid by their insurance plans. You can save money on your taxes by placing funds for those out-of-pocket expenses directly into your Healthcare FSA. The FSA will help you pay for these predictable expenses with your pre-tax dollars.



### Eligible Expenses

With the FSA, you can pay out-of-pocket health care expenses for yourself, your spouse, and all of your dependents for health, dental and vision care expenses while you are actively participating in the FSA plan. The eligible expenses may be reimbursed regardless of whether you, your spouse or dependents are covered by your employer's medical dental or health plans. Over-the-counter expenses are no longer eligible under the FSA plan unless prescribed by a physician.

### Ineligible Expenses

Some expenses that you incur during your plan year may not be eligible for reimbursement under current IRS regulations. These may include expenses not yet rendered; premiums for insurance policies, expenses already paid by another plan or 3<sup>rd</sup> party, expenses incurred after you leave the company or are no longer participating in the plan.

## Dependent Care Flexible Spending Account

The Dependent Care FSA allows you to pay for daycare expenses for your qualified dependent or child while you (and your spouse) are working.

### Eligibility Requirements

Eligible dependents must be claimed as an exemption on your tax return. These dependents can include step-children, grandchildren, adopted children, or foster children. You must have custody of the child in order for the child to be considered an eligible dependent. Under IRS guidelines, eligible dependents are further defined as: under the age of 13, and/or physically or mentally unable to care for themselves, such as a disabled spouse, disabled child or elderly parents that live with you.

For dependent care expenses to be eligible for reimbursement, you must be working during the time your eligible dependents are receiving care. If you are married, you and your spouse must be working at the time services are rendered, a full-time student for at

least 5 months during the plan year, or mentally or physically unable to provide care for himself or herself. A non-custodial parent cannot make a claim unless they have custody for 6 or more months during the year.

### Eligible Expenses

Eligible dependent care expenses are those expenses you must pay for the care of a dependent so that you and your spouse can work. The care must be provided in your home or at a licensed center. If the care is in your home, the service cannot be provided by another child of yours under the age of 19, by your spouse, or by other dependents.

### Ineligible Expenses

Some expenses you may incur during the plan year may not be eligible for reimbursement under IRS guidelines such as: educational costs, overnight camps, babysitting when not working, kindergarten and registration fees.

## The Reimbursement Process

### Reimbursements

Healthcare FSA's are pre-funded, and you are eligible to receive reimbursement up to your elected annual contribution from the start of your FSA plan. The Healthcare FSA funds that are reimbursed to you will be recovered as your deductions are taken from each paycheck throughout the plan year. Dependent care FSA's are NOT pre-funded, so you will only receive reimbursement up to your year-to-date contributions from payroll deductions.

### Payment Method Choice

You may pay with your prepaid benefits card at the time you incur the expenses, or pay the provider out-of-pocket and file a manual (paper) reimbursement claim to receive a reimbursement.

### Manual Claims

To obtain reimbursement through your FSA, you must complete a manual claim form and attach all itemized receipts from the service provider. Cancelled checks, bankcard/credit card receipts and credit card statements are not acceptable forms of documentation. The receipt must come from a 3<sup>rd</sup> party and include the following information:

- For whom service was incurred
- Date of the service
- Name of provider
- Amount of service
- Type of service

You are responsible for paying your charges from a provider, unless you are using the prepaid benefits card.



## Claims Processing and Payments

Claims for reimbursement are processed every day, Monday through Friday. After submission and substantiation, your payment will be initiated within 72 hours on business days. Your reimbursement payment will be sent via direct deposit.

**Still have questions about the FSA plans and how they work?  
Contact our Customer Service Department at  
888-862-6272, Monday – Friday, 8 am – 8 pm.**

## The Rules of FSA

### Who is eligible to participate?

All benefit eligible employees are able to participate in the FSA Plan and must elect to do so during your employer's Annual Open Enrollment Period. New employees hired during the plan year will become eligible to participate in accordance with your employer's new hire guidelines. Contact your HR/Benefits Department for additional information on benefits eligibility.

### Changes to Your Election

Once you have enrolled in the FSA, your election is irrevocable unless you have a change in family status such as: marriage, divorce, birth or adoption of a child, change in your or your spouse's employment status, death of a dependent, unpaid Family Medical Leave Act (FMLA) or non FMLA leave, or involuntary loss of spouse's coverage. The change in election must

be consistent with the change in status that has occurred and must be requested within 30 days of the event.

### Forfeiting Funds

All pre-tax funds that are not used for eligible expenses incurred during the plan year will be forfeited. This is mandated under the IRS "use it or lose it" rule. To avoid forfeiting funds, you should plan for your expenses very carefully. To assist in your calculations, visit our website for helpful information for eligible expenses and expense estimation worksheets. You may also check your balance and claim information throughout the plan year through your online account at our website.

### Transferring Funds

IRS regulations do not allow money to be transferred from Healthcare FSA's to Dependent Care FSA's or vice versa.

### Claims Filing Deadlines

Your expenses must be incurred during the plan year. The expenses must be submitted to Mangrove before the end of the "Run-Out" period noted below. Any amount remaining in your FSA at the year-end deadline will be forfeited.



## How to Enroll in the FSA Plan

### Step 1:

Carefully estimate your expenses for the upcoming plan year. Helpful information such as expense calculators can be found at our website at [www.emangrove.com](http://www.emangrove.com).

### Step 2:

Using your estimated annualized amount from step 1, determine your contributions. Simply divide the annual amount by the number of pay periods that you will have during the plan year.

### Step 3

Complete the enrollment form at the back of this guide, which instructs your employer to set aside those funds each pay period for your expenses. This amount will be deducted on a pre-tax basis evenly from each of your paychecks to your FSA account. Remember, that the amount you select will be set aside before any Federal, Social Security, or in most cases, state taxes are calculated. Make sure to divide your total annual amount by the proper number of pay periods in the upcoming year.



## FSA Plan Information

### Contribution Limits for FSA

The maximum amount your employer will allow you to defer to the Healthcare FSA plan is \$ 5000.00 per year. The maximum amount your employer will allow you to defer to the Dependent Care FSA is \$5000.00 per year..

### Plan Year Information

Your employer's plan year will run from September 1, 2011 until August 31, 2012. Your employer's "Run-Out" period is 90 days from the end of the plan year for active employees. The actual date will be November 30th, 2012. Employees who have terminated from the plan and/or employment during the year have 30 days to submit FSA claims that were incurred prior to the termination date from the plan.

## Using Your Prepaid Benefits Card

A prepaid benefits card provides easy and instant access to your FSA funds, thereby eliminating the need to pay your expenses "out-of pocket" at the time of service. This feature to the FSA can minimize the chances of forfeiting any funds allocated to your FSA plan. Additionally, there is no waiting for reimbursement anymore, because you are accessing your FSA funds at the point of sale when your expense is incurred. The prepaid benefits card can hold both your Dependent care and Healthcare FSA funds on the same card, so you can use the same card for both types of expenses.

The card will only work at qualified merchants who accept MasterCard® such as doctor's offices, hospitals, pharmacies, dental offices, vision providers and other healthcare related merchants as determined by IRS regulations. It will not work at restaurants, gas stations, ATM's, and some grocery stores and department stores. Simply present your prepaid benefits card at the time of payment to make your purchase. The provider will be paid and your account balance will automatically be adjusted for the purchase amount. Be sure to get a receipt showing your purchase, as you may be asked to present it at a later

date. After you enroll, we will send you a welcome package with detailed instructions on using your prepaid benefits card.

Need to check your balance? That's easy, just log into your FSA Account online portal at <https://fsaweb.emangrove.com>. You will have access to balance, claim and payment information 24 hours a day, 7 days a week. Have a question about your account? You can browse the Frequently Asked Questions (FAQ) and other helpful documents on our website. Or, you may contact our Customer Service Department at 888-862-6272 from 8:00 a.m. to 8:00 p.m. EDT Monday through Friday.

The IRS requires that you keep ALL receipts for your FSA expenses, regardless of the method of payment. Typically, when you pay with your prepaid benefits card at a pharmacy or doctor's office, receipts will not be required for the purchase. If a receipt is necessary Mangrove will mail a Receipt Request Statement to your home (or via email if you prefer) asking for the receipt. If you fail to provide a receipt to Mangrove when requested, your card may be suspended until the necessary receipt is received.

