

## Charlotte Public Schools

### Flexible Spending Account Summary

**Benefits Offered:** Health & Dependent Care Reimbursement

**Plan Year:** January 1, 2017 – December 31, 2017

**Run Out Period:** you have two months to submit claims after the end of the Grace Period (May 15, 2018)

**Run Out Period for Termination:** you have three months to submit claims after the date of termination

**Grace Period:** you have two months and fifteen additional days after the end of the plan year to incur claims.

**Maximum Health Care Contribution amount per Plan Year:** \$2,500 for 2017

**Maximum Dependent Care Contribution amount per Taxable Year (i.e. Calendar Year):** \$5,000 for 2017

**Check Runs:** Checks are mailed directly to you every week on Tuesday. If you have direct deposit, the funds will be deposited into your account the next business day.

#### **Any Questions?**

This enrollment guide has been designed to provide you with a general overview of the reimbursement accounts available to you. We urge you to read it carefully. If you still have questions after reading these materials, please contact your Human Resources Department or contact the Flexible Benefits Administrator, Varipro, at (616) 285-2480 or (800) 732-3412.

You may also obtain information on our company's products and services by logging on to our website at [www.Varipro.com](http://www.Varipro.com)

**Charlotte Public Schools**  
**Plan Year: January 1, 2017– December 31, 2017**  
**Flexible Spending Accounts**  
**Enrollment Information**

**Flexible Spending Accounts**

Flexible Spending Accounts can help you stretch your health care and dependent care budget while reducing your taxable income. That's because the accounts let you use before-tax dollars to pay eligible health care and dependent care expenses. The money in your health care reimbursement account may be used to pay eligible health care expenses that are not already covered by your health care plans, including deductibles, copayments, coinsurance and expenses that exceed reasonable and customary limits. You may choose to participate in *one*, *both* or *neither* of the following accounts offered by your employer:

- ✪ The Health Care Reimbursement Account
- ✪ The Dependent Care Reimbursement Account

**How the Accounts Work**

- ✪ **You Decide How Much to Contribute:** When you enroll you must indicate how much money you want to contribute to each account during the Plan Year. To help you decide, use the enclosed worksheets or go to the IRS website: [http://www.irs.gov/publications/p502/ar02.html#en\\_US\\_publink1000178885](http://www.irs.gov/publications/p502/ar02.html#en_US_publink1000178885) to help you estimate your eligible out-of-pocket expenses for the coming Plan Year.
- ✪ **Contributions Are Deducted on a Before-Tax Basis:** If you choose to participate, your contributions will automatically be withheld from your paycheck before taxes have been taken out in equal installments throughout the year.
- ✪ **You Pay Your Expenses Up Front:** Throughout the year, whenever you incur an eligible health care or dependent care expense, you will pay the expense as you normally would. Be sure to save the itemized statement, Explanation of Benefits or receipt so you can file a claim for reimbursement to Varipro.
- ✪ **How to File A Claim for Reimbursement:** You will need to complete a Flexible Spending Account Reimbursement Request Form and send it, along with an itemized billing/receipt or an Explanation of Benefits, to Varipro. If the expense is eligible for reimbursement, you will receive a check or direct deposit (if you have completed the Direct Deposit form) for the full amount (or the amount remaining in your account, whichever is less). Flexible Spending Account Reimbursement Request Forms are available from your Human Resources Department or Varipro.

**Note: if you are already enrolled in the Direct Deposit program, you do not need to complete the Direct Deposit forms again unless you are making changes to the banking information already on file with Varipro.**

**Smart About Benefits™**

- ☛ **You Can Check the Status of Your Account Online:** Varipro offers 24/7 online access to your account. You can check your account balance, print forms, check on a reimbursement request, calculate your savings if you participate in the Flexible Spending program and many more options. You will receive additional information in the mail regarding this feature once your enrollment has been received and processed.
- ☛ **You Save Money on Taxes:** Because your account contributions are made on a before-tax basis, you not only lower your taxable income immediately and pay less payroll taxes now, depending on your tax situation you may owe less money in taxes at the end of the year.
- ☛ **Maximum Contributions:** You can contribute up to \$2,500 per Plan Year to the health care account and \$5,000 per Taxable Year (i.e. Calendar Year) to the dependent care account. (If you are married but file separate tax returns, the most you can contribute to the dependent care account is \$2,500 per Taxable Year (i.e. Calendar Year).
- ☛ **Use It or Lose It:** It is important that you estimate your eligible expenses carefully before deciding how much to contribute to a reimbursement account. In exchange for the substantial tax advantages associated with reimbursement accounts, the IRS requires that any money left over in your account at the end of the plan year be forfeited.

### **Eligible Over-the-Counter Medication Expenses**

The Health Care Reform law passed on March 23, 2010 affects all employer sponsored Flexible Spending Accounts. As a result, Flexible Spending Accounts are not able to reimburse over the counter (OTC) medicines or drugs (other than insulin) without a doctor's prescription after December 31, 2010.

### **Dependent Care Account Eligible Expenses**

The money in your dependent care reimbursement account may be used to pay eligible expenses associated with caring for your eligible dependents. Examples include the cost of day-care centers, after-school care, summer day camps, and senior centers. Refer to [http://www.irs.gov/publications/p502/ar02.html#en\\_US\\_publink1000178885](http://www.irs.gov/publications/p502/ar02.html#en_US_publink1000178885) for a complete list.

The caregiver can be a relative of yours, as long as he or she is not also one of your dependents for tax purposes. You are required by law to provide your caregiver's Federal Tax ID number or Social Security number. Your caregiver does not have to be licensed, but must claim your payments as income.

Your eligible dependents include your children under age 13, as well as any disabled spouse, parent, or child age 13 or over whom:

- ☛ Is physically or mentally incapable of caring for himself or herself

- ✦ Spends at least eight hours per day in your home, and
- ✦ Is listed as a dependent on your federal income tax return.

To be eligible for reimbursement, your dependent care expenses must be:

- ✦ Necessary in order for you and your spouse to work or seek work
- ✦ Provided by someone other than your spouse or a dependent
- ✦ Provided by someone with a taxpayer identification or Social Security number

If your day care provider does not have a standard receipt with all the required information, please contact Varipro for a day care form.

### **The Federal Income Tax Credit**

The federal income tax credit allows you to subtract a percentage of your dependent care expenses from the federal taxes you owe. The percentage depends on your taxable household income.

IRS rules state you cannot claim the same expenses under both the dependent care account and the federal tax credit. As a result, you will have to decide which one is more advantageous to you.

### **How Much Can I Save?**

How much money can you save? That depends on a number of factors, including your income, marital status, and number of dependents. By calculating your eligible expenses in advance and having the amount automatically deducted from your paycheck, your tax base is reduced. Depending on where you live, you may be able to save money on state and local taxes as well. Please consult your tax planner or financial advisor for additional details regarding how participating in the flexible spending program can save you money.

### Health Care Reimbursement Account Worksheet

How much should you contribute to the health care reimbursement account? That depends on how much you expect to spend on eligible health care expenses for you and your dependent(s) in the coming year. To help you decide, the following next two pages are partial lists of expenses that are eligible for reimbursement under the account. These expenses are sometimes not covered or only partially covered by group insurance plans. You can also go on-line to [http://www.irs.gov/publications/p502/ar02.html#en\\_US\\_publink1000178885](http://www.irs.gov/publications/p502/ar02.html#en_US_publink1000178885).

<b>Type of Expense</b>	<b>How Much You Expect to Spend</b>
<b>Medical, Dental, Vision, Hearing Expenses</b>	
Your deductible (or the amount you expect to incur, or less)	\$ _____
Copayments and Coinsurance (what you pay towards your covered medical expenses)	\$ _____
Acupuncture	\$ _____
Chiropractor	\$ _____
Counseling	\$ _____
Dental (Crowns, Fillings, Orthodontics)	\$ _____
Hearing (Hearing Aids, Batteries)	\$ _____
Hospital Bills	\$ _____
Infertility	\$ _____
Lab Fees	\$ _____
OB/GYN Exams	\$ _____
Office Visit	\$ _____
Physical Therapy	\$ _____
Podiatrist	\$ _____
Prescriptions\Eligible Supplies	\$ _____
Vision (Contacts, Glasses, Lasik Surgery)	\$ _____
Additional expenses not covered by your medical, dental, vision coverages	\$ _____
<b>Total Estimated Expenses</b>	<b>\$ _____</b>

**(add up all of your estimated costs)**

This is the amount that you should consider contributing to your health care reimbursement account for the coming year.

(Remember, the maximum you can contribute is \$2,500 per Plan Year.)

## Dependent Care Reimbursement Account Worksheet

To help you decide if a dependent care reimbursement account is right for you, use the provided easy-to-follow worksheet to help estimate your expenses.

<i>Type of Expense</i>	<i>How Much You Expect to Spend</i>
<b>Day Care expenses for your children</b>	
At a day care center (must comply with state and local laws)	\$ _____
Provided by an individual	\$ _____
At a day camp (but not overnight camp)	\$ _____
<b>Day Care expenses for elderly or incapacitated relatives</b>	
At a day care center (must comply with state and local laws)	\$ _____
Provided by an individual	\$ _____
<b>Education-related expenses</b>	
After-school care for children under age 13	\$ _____
Pre-school and Pre-kindergarten tuition and lunch (provided these costs cannot be separated from the cost of the child's care)	\$ _____
<b>Total Estimated Expenses</b>	\$ _____
<b>(add up all of your estimated costs)</b>	

This is the amount you should contribute to your dependent care reimbursement account for the year. (In most cases, the maximum you can contribute is \$5,000 per Taxable Year (i.e. Calendar Year). If you are married and you and your spouse file separate income tax returns, the maximum you can contribute is \$2,500 per Taxable Year (i.e. Calendar Year).

## Can I Change My Coverage During the Year?

The benefit choices that you are making now will remain in effect until the last day of the plan year, unless you experience a qualified change in family status. If you have a qualified change in family status, the Internal Revenue Service (IRS) allows you to change your coverage during the plan year to meet your changing needs.

Qualified family status changes include:

- ✦ Change in Legal Marital Status - your marriage, divorce, or legal separation
- ✦ Change in Dependents - the birth, death, or adoption of a child
- ✦ Change in Employment - termination, retirement, change in hours with you or spouse, layoff
- ✦ Change in Residence or Worksite - of employee or spouse
- ✦ Change in Dependent Status - dependent starts or stops meeting requirements to be eligible for any coverage under this plan

Change in Dependent Care Only:

- ✦ Change in Cost - change in cost to provide dependent care
- ✦ Change in Coverage - addition or elimination of benefits options
- ✦ Change Under Another Plan - change in dependent care benefits under another employer's plan

If you experience such a change and would like to change your coverage, you must notify your Human Resource Department within 30 days of the qualified change in family status. Any change you make must be consistent with your change in family status. For example, if you have a baby during the year, you can choose to begin participating in the dependent care reimbursement account. You cannot decide to stop participating in the health care reimbursement account.

## Any Questions?

This enrollment guide has been designed to provide you with a general overview of your flexible spending accounts available to you. We urge you to read it carefully. If you still have questions after reading these materials, please contact your Human Resource Department or contact Varipro, 5300 Patterson Ave. SE, Suite 150, Grand Rapids, MI 49512 or call (616) 285-2480 or (800) 732-3412. You may also obtain information on our company's products and services by logging on to our website at [www.Varipro.com](http://www.Varipro.com).

**National Health Care Reform:** This overview is intended to provide general guidelines of Internal Revenue Service rulings over Flexible Spending Account reimbursements available to you. The plan provisions provided above are subject to change due to ongoing clarification from the Internal Revenue Service and the Department of Health and Human Services.

# FSA/HSA Eligible and Non-Eligible Expenses

## FSA/HSA Eligible Health Care Expenses

Please note that this list is not intended to be comprehensive tax advice. For more detailed information, please consult IRS Publication 502 or see your tax advisor.

Acupuncture	Eye examinations and eyeglasses	Psychiatric care, psychologists, psychotherapists, counselors
Alcoholism treatment	Home health and/or hospice care	Radial keratotomy
Allergy shots and testing	Hospital services	Schools (special, relief, or handicapped)
Ambulance (ground or air)	Insulin	Sexual dysfunction treatment
Artificial limbs	Laboratory fees	Smoking cessation programs
Blind services and equipment	LASIK/LASEK eye surgery	Surgical fees
Car controls for handicapped*	Medical alert (bracelet, necklace)	Television or telephone for the hearing impaired
Chiropractor services	Medical monitoring and testing devices*	Therapy treatments*
Coinsurance and deductibles	Nursing services	Transportation (essentially and primarily for medical care; limits apply)
Contact lenses	Obstetrical expenses	Vaccinations
Crutches, wheelchairs, walkers	Occlusal guards	Vitamins*
Deaf services -- hearing aid/batteries, hearing aid animal & care, lip reading expenses, modified telephone, etc.	Operations and surgeries (legal)	Weight loss programs*
Dental treatment	Optometrists	X-rays
Dentures	Orthodontia	
Diagnostic tests	Orthopedic services	
Doctor's fees	Osteopaths	
Drug addiction treatment & facilities	Oxygen/oxygen equipment	
Drugs (prescription)	Physical exams (except for employment-related physicals)	
	Physical therapy	

\*if prescribed for a particular ailment or medical condition; provider letter required.

## Important Notice About Over-the-Counter (OTC) Medications

**OTC medications require a doctor's prescription to be eligible for FSA/HSA reimbursement.** For that reason, OTC medications cannot be purchased using the mySourceCard® unless dispensed by a pharmacy the same as a standard prescription (with an Rx number). If a manual claim is submitted for purchase of an OTC medication, both a copy of the prescription and the purchase receipt must be included to receive reimbursement.

Non-medicated OTC products (diabetes test strips, saline solution, bandages, etc.) do not require a prescription. You can use either the mySourceCard® to purchase these items or submit the purchase receipt for reimbursement

Under PPACA (health reform law), the Maximum Annual Election is capped at \$2,550 per employee.

## FSA/HSA Eligible OTC Medications and Products

**COPY OF PRESCRIPTION AS WELL AS DETAILED RECEIPT REQUIRED FOR REIMBURSEMENT:**

Acne medications & treatments  
Allergy & sinus, cold, flu & cough remedies (antihistamines, decongestants, cough syrups, cough drops, nasal sprays, medicated rubs, etc.)  
Antacids & acid controllers (tablets, liquids, capsules)  
Antibiotic & antiseptic sprays, creams & ointments  
Anti-diarrheals  
Anti-fungals  
Anti-gas & stomach remedies  
Anti-itch & insect bite remedies  
Anti-parasitics  
Digestive aids  
Baby care (diaper rash ointments, teething gel, rehydration fluids, etc.)

Contraceptives (condoms, gels, foams, suppositories, etc.)  
Eczema & psoriasis remedies  
Eye drops, ear drops, nasal sprays  
First aid kits  
Hemorrhoidal preparations  
Hydrogen peroxide, rubbing alcohol  
Laxatives  
Medicated bandaids & dressings  
Motion sickness remedies  
Nicotine patches and medications (smoking cessation aids)  
Pain relievers (aspirin, ibuprofen, acetaminophen, naproxen, etc.)  
Sleep aids & sedatives  
Wart removal remedies, corn patches

**ELIGIBLE FOR REIMBURSEMENT WITH DETAILED RECEIPT ONLY (NO PRESCRIPTION REQUIRED):**  
Breast pumps for nursing mothers  
Braces & supports  
Contact lens solution  
CPAP equipment & supplies  
OTC varieties of Insulin  
Diabetic testing supplies/equipment  
Durable medical equipment (power chairs, walkers, wheelchairs, etc.)  
Home diagnostic (pregnancy tests, ovulation kits, thermometers, blood pressure monitors, etc.)  
Non-medicated bandaids, rolled bandages & dressings  
Reading glasses

All OTC items listed are examples

## FSA/HSA Non-Eligible Health Care Expenses

Advance payment for services to be rendered	Health programs, health clubs, and gyms
Automobile insurance premium allocable to medical coverage	Illegal operations and treatments
Boarding school fees	Illegally procured drugs
Body piercing	Insurance premiums (not reimbursable under Health FSA... only PRA)
Bottled water	Long-term care services
Chauffeur services	Maternity clothes
Controlled substances	Medical savings accounts
Cosmetic surgery and procedures	Premiums for life insurance, income protection, disability, loss of limbs, sight or similar benefits
Cosmetic dental procedures	Personal items
Dancing lessons	Preferred provider discounts
Diapers for Infants	Social activities
Diaper service	Special foods and beverages
Ear piercing	Swimming lessons
Electrolysis	Tattoos/tattoo removal
Fees written off by provider	Teeth whitening
Food supplements	Transportation expenses to & from work
Funeral, cremation, or burial expenses	Travel for general health improvement
Hair transplant	Uniforms
Herbs & herbal supplements	Vitamins & supplements without prescription
Household & domestic help	

## FSA/HSA Non-Eligible OTC Products

The following are examples of Over-the-Counter (OTC) medications and products which are **NOT ELIGIBLE** for FSA/HSA reimbursement.

Aromatherapy	Hair regrowth preparations
Baby bottles & cups	Herbs & herbal supplements
Baby oil	Hygiene products & similar items
Baby wipes	Low-carb & low-fat foods
Breast enhancement system	Low calorie foods
Cosmetics (including face cream & moisturizer)	Lip balm
Cotton swabs	Medicated shampoos & soaps
Dental floss	Petroleum jelly
Deodorants & anti-perspirants	Shampoo & conditioner
Dietary supplements	Spa salts
Feminine care items	Suntan lotion
Fiber supplements	Toiletries (including toothpaste)
Food	Vitamins & supplements without prescription
Fragrances	Weight loss drugs for general well-being