Flexible Spending Accounts

A Flexible Spending Account (FSA) allows you to pay for eligible medical and dependent day care expenses with tax-free dollars. The University of Alaska’s FSAs are administered by WageWorks.

The Internal Revenue Service (IRS) does not consider any money you put into a Health Care or Dependent Care FSA part of your taxable pay. The amount your take-home pay is increased by participating in the Health Care (also called a Medical Expense) or Dependent Care FSA depends on the amount you elect to put into the account(s) and your tax bracket. The University’s FSA plan operates on a fiscal year (July 1 through the following June 30), NOT a calendar year. Please consider this when deciding how much to put into your account.

How FSAs Work

You can sign up for an FSA during open enrollment, or within 30 days of being hired into an eligible position. Each paycheck, you set aside some of your pay, before taxes, to use for eligible expenses. This is how you save money: $100 put into your FSA is $100 to spend on eligible expenses. Without an FSA, you pay taxes, leaving $60 or $75 to pay for the same eligible expenses.

How You Enroll

If you are eligible or will be eligible to participate in the Health Care or Dependent Care FSA on July 1, you must complete your enrollment form and return it to your local human resources office during the open enrollment period. If you do not complete the enrollment form during the open enrollment period, you will not be eligible to participate until the next open enrollment period, unless you have a life event. If you are a newly hired employee, or become eligible to participate during the plan year as a result of a life event, you must complete and return your enrollment form within 30 days of your date of hire or life event.

Once enrolled in your FSA plan you will receive a Quick Start Guide, be encouraged to set up direct deposit for reimbursements and have access to on-demand account activity statements. If you provide an email when registering, you will be able to receive up-to-date account and claims status information emails as well.

Register for an Online Account

When you register for an online account at www.wageworks.com and provide a current email, you ensure that you will have 24/7 access to your account and will be automatically signed up to receive important updates and alerts. You also must have an account to use the mobile app and take advantage of features like EZ Receipts® for online claims.

To register after you enroll, just visit www.wageworks.com and click “Register with WageWorks now.” You’ll need to verify your employee status, confirm your contact information and create a username and password. Please note that if you previously had an account at myfbmc.com, you will need to set up a new account at WageWorks.

Managing Your Account

You can manage and check up on your account through WageWorks online or over the phone. The “Claims and Activity” page online details all your account activity. For the latest information, visit www.wageworks.com and log into your account 24/7.

In addition to reviewing your most recent FSA activity, you can:

- Update your account preferences and personal information.
- View your transaction and account history for current and past plan years.
- Schedule payments to health care and dependent care providers.
- Check the complete list of eligible expenses for your FSA program.
- Manage your account while on the go via the WageWorks mobile website.
- Download the EZ Receipts® app so that you are able to file claims from your smartphone or mobile device.
Health Care Flexible Spending Account
The maximum amount you can contribute to a Health Care FSA to $5,000 for the plan year (July 1, 2012 through June 30, 2013). The IRS requirements for reimbursement of expenses include:

- Eligible expenses are incurred by you, and your eligible dependents, for services that are medically necessary for the diagnosis, cure, treatment or prevention of disease.
- Over-the-counter medications, such as antacids, pain relief, cold remedies and allergy medications are only eligible for reimbursement with a doctor’s order prescription*.
- Reimbursement can only be made for eligible expenses provided during your period of coverage. Your period of coverage for the plan year is from your plan effective date (July 1 if elected at open enrollment, your date of hire into an eligible position, or the date of your life event if elected within 30 days) through your date of termination in the plan, termination of employment or June 30, whichever occurs first.
- Expenses are treated as having been incurred when the medical care is given, not the date you are billed or charged, or the date you paid for the services.
- The expense must be ineligible for payment (in whole or part) by any other medical plan provider.
- You cannot claim the same expenses for tax purposes.

*Note: Over-the-counter medications require a prescription from your physician to qualify for FSA reimbursement. This does not apply to items like wrist splints, band-aids, magnifying readers, incontinence products and durable medical items such as canes and crutches. It is your responsibility to check the list regularly for updates at www.wageworks.com. All claims for over-the-counter medicine expense reimbursement must include a prescription or order from your physician and a detailed receipt showing the purchase date and name of the medicine.

<table>
<thead>
<tr>
<th>Eligible Health Care Expense Examples</th>
<th>Ineligible Health Care Expense Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductibles</td>
<td>Expenses for services primarily for cosmetic purposes</td>
</tr>
<tr>
<td>Co-payments and/or coinsurance (including dental)</td>
<td>Insurance premiums, including COBRA payments</td>
</tr>
<tr>
<td>Amounts over plan maximums and/or allowable charges</td>
<td>Exercise equipment, even if prescribed by your doctor, for general health purposes</td>
</tr>
<tr>
<td>Over-the-counter items (some require prescription)</td>
<td>Claims submitted without a fully completed claim form, along with a copy of an explanation of benefits (EOB) from your insurance company or a provider’s billing showing dates of service and charge</td>
</tr>
</tbody>
</table>

Dependent Care Flexible Spending Account
The IRS regulates the type of expenses that are eligible for reimbursement from a Dependent Care FSA, as well as participation requirements. The following is a list of IRS requirements:

- Eligible expenses are child, adult or elder care costs that allow you and your spouse to work or actively seek work. If the dependent care expense is for a child, he/she must be under the age of 13. If your spouse does not work, he or she must be a full-time student or incapable of self-care.
- The maximum contribution to a Dependent Care FSA amount in most cases is $5,000 for the plan year (July 1 through June 30). However, the following rules may apply to you:
  1. If you are single head of household, or married and file a joint tax return, your maximum is $5,000.
  2. If you are married but file a separate income tax return, your maximum contribution is $2,500.
  3. If you or your spouse earns less than $5,000 a year, your maximum contribution is equal to the lower of the two incomes.
  4. If your spouse is a full-time student or incapable of self-care, your maximum contribution amount is $2,400 a year for one dependent and $ 4,800 a year for two or more dependents.
- Eligible providers include baby-sitters in or outside your home, your relatives age 19 or over who are not claimed as dependents on your tax return, and dependent care facilities. If the dependent care facility cares for seven or more individuals, it must be licensed by the State and comply with all State regulations.
• Dependent care services must be for the physical care of the dependent, not for education, meals, etc. However, if the expenses are an incidental and inseparable part of the care, the full amount of the expense is considered eligible for reimbursement. For example, if a child is in a nursery school that provides both meals and education, the full expense is eligible. Educational expenses for a child in first grade or higher would not be eligible.

<table>
<thead>
<tr>
<th>Eligible Dependent Care Expense Examples</th>
<th>Ineligible Dependent Care Expense Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child care center</td>
<td>Supplies</td>
</tr>
<tr>
<td>Family day care provider</td>
<td>Meals</td>
</tr>
<tr>
<td>Pre-school programs</td>
<td>Deposits and Registration Fees</td>
</tr>
<tr>
<td>Adult day care</td>
<td>Insurance Fees or Premiums</td>
</tr>
<tr>
<td>Babysitter</td>
<td>Diaper Service</td>
</tr>
<tr>
<td>Nursery School</td>
<td>Activity Fees</td>
</tr>
<tr>
<td>Home aide</td>
<td>Books and T-shirts</td>
</tr>
<tr>
<td>Summer Day Camp</td>
<td>Transportation Fees</td>
</tr>
<tr>
<td>Au pair</td>
<td>Overnight Camps</td>
</tr>
<tr>
<td>Before and After School Programs</td>
<td>Educational Tuition</td>
</tr>
</tbody>
</table>

**Dependent Care FSA vs. Tax Credit**

Before you enroll in the Dependent Care FSA, you should be aware that you may be eligible to receive a tax credit when you file your federal income taxes if you do not participate in the plan.

**In general, if your annual family income is over $24,000, a Dependent Care FSA may be more beneficial for you.**

The benefits you realize from the Dependent Care FSA will vary based on your individual circumstances (i.e. your income, your marital status, your expenses and the number of your dependents). For further information on this option, please consult your tax advisor.

**Eligible Expenses**

The IRS regulates the type of expenses that are eligible for reimbursement from a Health Care and Dependent Care FSA as well as participation requirements.

**Estimate Expenses Carefully**

Once you have determined that a Health Care and/or Dependent Care FSA is right for you, you should then estimate your out-of-pocket expenses for your and/or your family’s health care and/or dependent care services during the plan year (July 1 through June 30). You cannot transfer money from one type of FSA into the other. Be conservative in your estimate because any balance remaining at the end of the plan year, and any grace period, will be forfeited. Consider circumstances that may occur that could change the amount you pay for medical care or dependent care.

In addition to claiming out-of-pocket expenses for your own medical care, you may include expenses for your eligible dependents (i.e. spouse and dependent children). Please remember, however, that the Health Care FSA cannot be used for expenses incurred by taxable Financially Interdependent Partners or their children.

Remember, if you contribute more than you use, federal law requires that the unused amount be forfeited. But, if your eligible expenses for the year far exceed your contribution to the plan, you will not be taking full advantage of the potential tax savings.
Estimate Your Savings
How much you save depends on how much you spend on health and dependent care, and on your tax situation. For every $100 of eligible expenses, most people will save from $30 to $40 in taxes. To estimate your expenses and see for yourself how your savings can add up, use the savings calculator at: FSAWorks4Me.com

<table>
<thead>
<tr>
<th>Health Care FSA</th>
<th>Estimate Eligible Expenses</th>
<th>Example</th>
<th>Your Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prescription drugs</td>
<td>$240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctor visits</td>
<td>$180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual dental plan deductible</td>
<td>$50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental filings and crowns</td>
<td>$200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orthodontia (braces)</td>
<td>$1,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescription glasses</td>
<td>$150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescription sunglasses</td>
<td>$150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prescribed over-the-counter products¹</td>
<td>$240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggested plan year election</td>
<td>= $2000.00</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>Taxes (28%²)</td>
<td>x 0.28</td>
<td>x 0.28</td>
<td></td>
</tr>
<tr>
<td>Estimated Savings²</td>
<td>= $560</td>
<td>=</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent Care FSA</th>
<th>Estimate Eligible Expenses</th>
<th>Example</th>
<th>Your Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day care/nursery school</td>
<td>$3,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer day care</td>
<td>$1,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggested plan year elections</td>
<td>= $5,000</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>Taxes (28%²)</td>
<td>x 0.28</td>
<td>x 0.28</td>
<td></td>
</tr>
<tr>
<td>Estimated Savings²</td>
<td>= $1,400</td>
<td>=</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1 Requires a doctor’s prescription to qualify for reimbursement.
2 Tax savings amounts are examples provided for illustrative purposes only. Based on a 28 percent flat tax rate calculated on a calendar year.

Estimating Out-of-pocket Medical Expenses for the Plan Year:
- Be sure to include your deductibles and co-insurance amounts for your medical and dental services.
- If you have predictable expenses for prescribed medications, eligible over-the-counter medications, contact lens solutions, chiropractic visits or other routine care, add the amount not covered by insurance to the total.
- Review your prior year’s medical history for ideas of health care expenses you have had.

The goal amount you elect will be divided by the number of pay periods you will have during the plan year (maximum of 19 for a regular nine-month employee or 26 for a regular 12-month employee), based on your primary job. When you receive your first paycheck of the plan year, please verify that the amount deducted is correct for the amount you elected. If it is not, contact your local human resources office immediately.
To be eligible for reimbursement, some treatments such as acupuncture and massage therapy require that you submit a written statement from your healthcare provider that verifies the medical need. A diagnosis is not required; however, the statement must indicate that the treatment is provided to treat a specific medical condition, not merely to improve the patient’s health. WageWorks can provide you with a Letter of Medical Necessity to take to your medical provider for completion. Call Customer Service at 1-855-428-0446 from 4 a.m. to 4 p.m. Alaska Time.

In general, vitamins and other supplements are not eligible for reimbursement, even if a doctor prescribes them. Certain prescription drugs that are prescribed primarily for cosmetic reasons are not eligible for reimbursement. However, these drugs may be eligible for reimbursement if the prescription is to treat a specific medical condition such as heart disease or acne. A letter of Medical Need is required with the first reimbursement claim submission for these items.

**More Information**

Once you are enrolled in the Health Care and/or Dependent Care FSA, your election is irrevocable for the coverage period (July 1 to June 30) unless you have a life event (i.e. divorce, termination of spouse’s employment, birth, or marriage).

You may not change your contributions simply because your expenses are substantially different from your estimate or you made a mistake in estimating your total expenses.

If you leave the University before the end of you plan year (June 30), you may continue to submit claims and be reimbursed through June 30; however, for the Health Care FSA the dates of service that you are submitting must have been prior to your termination. Upon termination, please consult your local human resources office for information about your rights under COBRA with respect to your Health Care FSA. You may continue to submit claims against your Dependent Care FSA up to June 30 or until you’ve used your available balance on deposit, whichever comes first.

**“Use It or Lose It”**

Because of the tax-advantaged way in which the Medical and Dependent Care FSA operates, the IRS has established strict guidelines for their use. One of the guidelines is known as the “use it or lose it” rule. If you deposit money into your FSA and then do not incur enough eligible expenses during the plan year to meet the balance in the account, you will lose that remaining balance. By law, the forfeited amount will revert back to the University to be used to cover administrative costs.

**Reimbursement Information**

When you pay for an eligible health care or dependent care expense, you want to put your account to work right away. WageWorks gives you several convenient reimbursement options.

**After June 30, you have a run-out period until September 30 to submit claims.**

**Paying online**

You can pay many of your eligible health care and dependent care expenses directly from your FSA account with no need to fill out paper forms. It’s quick, easy, secure and available online at any time.

To pay a provider:
- Log into your FSA account at [www.wageworks.com](http://www.wageworks.com).
- Click ”Submit Receipt or Claim” tab.
- Request “Pay My Provider” from the menu and follow the instructions.
- Make sure to provide an invoice or appropriate documentation. When you’re done, WageWorks will schedule the checks to be sent in accordance with the payment guidelines. If you pay for eligible recurring expenses, follow the online instructions to set up automatic payments.
- You must, however, provide documentation. For more information about the documentation requirements and payment guidelines, see the FAQ posted at [www.wageworks.com/pmpfaq](http://www.wageworks.com/pmpfaq).

**Using your Smartphone or Mobile Device**

With the EZ Receipts® mobile app from WageWorks, you can file and manage your reimbursement claims on the spot, with a click of your smartphone camera, from anywhere.

To use EZ Receipts:
- Download the app from [www.wageworks.com](http://www.wageworks.com).
- Log into your account.
- Choose the type of receipt from the simple menu.
- Enter some basic information about the claim.
Use your smartphone camera or device to capture the documentation. 
Submit the image and details to WageWorks.

**Filing a claim**

You also can file a claim online to request reimbursement for your eligible expenses.

- Go to [www.wageworks.com](http://www.wageworks.com), log into your account and click “Submit Receipt or Claim”.
- Select the online claim form.
- Fill in all the information requested on the form and submit.
- Scan or take a photo of your receipts, EOBs and other supporting documentation.
- Attach supporting documentation to your claim by using the upload utility.
- Make sure your documentation includes the three following pieces of information required by the IRS:
  - Beginning and ending dates of service or purchase
  - Cost of the service
  - Provider or merchant name and address

Most claims are processed within one to two business days after they are received, and payments are sent shortly thereafter. For assistance, visit [www.wageworks.com/techtips](http://www.wageworks.com/techtips).

*If you prefer to submit a paper claim by fax or mail, log into your account at [www.wageworks.com](http://www.wageworks.com) to download a Pay Me Back claim form and follow the instructions for submission.* In order for your claim to be eligible, the dates of service must occur during the coverage period and while you are contributing to the Plan.

*Save receipts* that describe exactly what you paid for. Make sure the amount and service date (not the payment date) are included.

**Flexible Spending Account Funds**

If you submit a claim for reimbursement of eligible expenses that is greater than your current account balance, the request will be processed as follows:

**Health Care FSA:** you will be reimbursed the full amount of your request for eligible expenses immediately, up to the full amount you have elected to contribute to your Health Care FSA for the plan year (minus any amounts that have already been reimbursed to you).

**Dependent Care FSA:** eligible expenses will be reimbursed as contributions are made to your Dependent Care FSA. The amount available for reimbursement is limited to the amount on deposit in your account when the request for reimbursement is processed.

**Direct Deposit**

Enroll in Direct Deposit to ensure that your FSA reimbursement checks are automatically deposited into your checking or savings account. There is no fee for this service, and you don’t have to wait for postal delivery of your reimbursement.

You will still receive notification that the claim has been processed. To enroll online for Direct Deposit, please visit [www.wageworks.com](http://www.wageworks.com).

If you had direct deposit reimbursement set up with your 2012 plan, this information will transfer to WageWorks. Following the transfer, WageWorks will complete a pre-note process to ensure the account is active. If you file a claim during this time, you may receive a paper check for your reimbursement. Once the account has been confirmed, all future reimbursements will be directly deposited into your account.

**Questions? Ask Us.**

Helpful tips, guides, video tutorials and FAQs are available online at [www.wageworks.com](http://www.wageworks.com).
WageWorks Customer Service professionals are also standing by to help you. Just call 1-855-428-0446 Monday through Friday, 4 a.m. to 4 p.m. Alaska Time.

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