

Flexible Spending Account Overview

Flexible Spending Accounts (FSA) let you set aside money from your paycheck before federal, state or city income taxes and Social Security taxes are deducted. When the money is used for eligible expenses, reimbursement is tax-free, too. You pay no taxes on the money you contribute to and receive from either reimbursement account.

There are two types of flexible spending accounts you can elect: a Health Care Reimbursement Account (HCRA) for qualified medical, dental and vision expenses, and a Dependent Care Reimbursement Account (DCRA) for dependent day care expenses incurred while you and your spouse are working or attending school full time.

If you are currently enrolled in a HCRA or DCRA and wish to continue in 2015, you MUST re-enroll during Open Enrollment.

You can set up an HCRA or DCRA by completing the online enrollment. You designate how much you want to contribute into each account annually, and each pay period the amount you specified will be put into your personal account(s) to use in paying for health and/or dependent day care expenses not covered by insurance. The accounts are mutually exclusive. You cannot use HCRA funds for Dependent Care expenses, or vice-versa.

Health Care Reimbursement Account (HCRA)

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$2,500 per year in your HCRA. You may receive your full reimbursement amount for eligible health care expenses at any time during the year. You can use this money to pay for a variety of eligible expenses, such as:

- Deductibles and copays (including prescription costs)
- Expenses not covered by any health plan by which you may be covered
- Expenses in excess of medical or dental coverage limits, such as your share of orthodontia treatment cost
- Expenses for eye exams, contact lenses and eyeglasses
- Over-the-counter drugs when you receive a written prescription from your physician

Call Meritain at 1-800-748-0003 for a copy of all eligible expenses under the HCRA

For those who were hired on or prior to December 31, 2011 and participate, OU will provide a match to your annual HCRA contribution, as follows:

<u>Annual Employee Contribution</u>	<u>Annual OU Match in HCRA</u>
\$100 to \$124	\$100
\$125 to \$174	\$125
\$175 or more	\$175

Note the employer match **does not** count toward the \$2,500 maximum.

Rollover Rules for your HCRA: any unused HCRA funds (up to \$500) will automatically roll-over in to the next year's HCRA. For example, if you do not use all your 2014 HCRA funds, up to \$500 of your unused funds will automatically rollover into your 2015 account. Any amount over \$500 will be forfeited. The rollover amount will be in addition to the annual contribution maximum. Please note the rollover does not apply to the Dependent Care Account.

Flexible Spending Account Overview (continued)

Dependent Care Reimbursement Account (DCRA)

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$5,000 per year in the DCRA. If you are married and your spouse participates in a similar account through his or her employer, you may set aside no more than \$5,000 combined per year.



This account is designed to help you pay for dependent care expenses so you, or you and your spouse, can work. You also can use the account to pay dependent expenses if your spouse attends school full-time or is mentally or physically handicapped and unable to care for your children. In order to be eligible for the DCRA, you and your spouse must work or your spouse must be a full-time student.

Eligible dependent care can be provided in your home or in someone else's home, or in a care facility (except for a nursing home). When you submit a claim for expenses, you must show your caregiver's tax identification number (for individuals, this usually is their Social Security number). The amount you may use from your DCRA is based on the amount in your account when you submit your claim.

Generally, your dependents include:

- Children under age 13 who qualify as dependents on your federal income tax return.
- Any dependents unable to care for themselves. For example, an incapacitated older child or spouse or an elderly parent who regularly spends at least eight hours a day in your home and otherwise qualifies as a dependent under IRS rules.

Any leftover funds in your DCRA at year-end cannot be returned to you. This means you must plan carefully before deciding to contribute money to the DCRA. Use the worksheet in this workbook to help you plan properly.

If you contribute to a Dependent Care Reimbursement Account, you must file an IRS Form 2441 with your Federal Income Tax Return. Form 2441 is simply an informational form on which you report the amount you pay and who you paid for day care.

Special Rules for Health Care and Dependent Care Reimbursement Accounts

Because the reimbursement accounts provide significant tax savings, the IRS imposes the following rules:

- Your HCRA and DCRA accounts are completely separate. You may not transfer money from one account to another. In addition, you may not use your HCRA to pay for dependent care expenses, or vice versa.
- If you claim an expense for reimbursement through either account, you may not claim the same expense as a deduction or a credit on your income tax return.

Last Day for 2015 Plan Year Claims Submission:

- You have until January 31, 2016 to submit dependent care reimbursement claims incurred in 2015.
- You have until March 31, 2016 to submit health care reimbursement claims incurred in 2015.
- If you leave the University before the end of the year, you have a run-out period in which to submit claims incurred prior to your termination date. For Dependent Care Reimbursements, you must submit your claims within 30 days following your termination date. For Healthcare Reimbursements you must submit your claim within 3 months following your termination date.

Flexible Spending Account Overview (continued)

Reimbursements

Reimbursement payments will be mailed to your home address unless you have signed up for direct deposit. If you do not currently have direct deposit and would like to begin, you can sign up on the Meritain website at www.mymeritain.com.

How Much Should You Contribute?

Before you set up your HCRA and/or DCRA, you should estimate how much you will spend on eligible expenses during the January 1-December 31 plan year. Use the "Eligible Annual Expense Worksheet" below to help calculate your health-care and dependent-care expenses.

Estimate your reimbursement account expenses as accurately as possible and be conservative, because the Internal Revenue Service requires you to forfeit HCRA funds over \$500, and any DCRA funds you do not use by the end of the year.

Note, too, that the maximum you can contribute to a FLEX account for health-care expenses is \$2,500 (excluding employer contribution). The maximum you and your spouse can contribute to a dependent care account is \$5,000.

Using Your Health Care Reimbursement Account

To receive payment for an eligible health or dependent care expense, simply fill out a Reimbursement Request Form and submit it with your itemized receipt.

Reimbursements are processed promptly every week.

You will be repaid for the full amount of your Health Care Reimbursement Account request, up to the total contributions you specified for the year.

You will be reimbursed for expenses up to the amount contributed to your Dependent Care Reimbursement Account at the time your request is submitted. If your reimbursement request is more than the amount available in your account, the remainder will be paid as additional funds are deposited.

Keeping Track of Your Accounts

To help you keep track of your FLEX account(s) and avoid forfeiture, Meritain Health will attach an account statement with each check after they have processed your reimbursement request.

Meritain Health will also send you **quarterly** statements detailing your account deposits, reimbursement requests, disbursements, and balances. Please review carefully to ensure accuracy.

You can check the status of your Flexible Spending Account on the web at www.mymeritain.com. Meritain Health's automated claim status system is also available, from any phone in the United States, at 1-800-748-0003.

If you have questions about your Oakland University Flex plan, contact the Meritain Health Flexible Benefits Department at 800-748-0003, or visit their web site at www.mymeritain.com.

Eligible Annual Expense Worksheet

Health Care Reimbursement Account:

Medical Expenses	
· Deductibles	\$ _____
· Office Visits, Service Fees	\$ _____
· Copay	\$ _____
Dental Copay	\$ _____
Orthodontic Copay	\$ _____
Vision Expenses	\$ _____
Hearing Expenses	\$ _____
Total Estimated HCRA Expenses	\$ _____

Dependent Care Reimbursement Account:

Dependent Day Care Expenses	
· Child Day Care	\$ _____
· Adult Day Care	\$ _____
Total Estimated DCRA Expenses	\$ _____

To determine your Bi-Weekly per pay contribution, divide the total by 26

To determine your Monthly per pay contribution, divide the total by 12