



## SECTION 125 FLEXIBLE SPENDING ACCOUNT OPEN ENROLLMENT 2017

Section 125 Plans provide an added benefit for employees who regularly have medical and childcare expenses while also reducing their income. Employees can deduct their insurance premiums pretax and set aside pretax funds to use toward qualified medical and dependent care expenses.

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_

DOB: \_\_\_\_\_ OR SSN: \_\_\_\_\_ Employer: \_\_\_\_\_

FSA's provide an added benefit to employees especially those that regularly have medical and childcare expenses. Section 125 Flexible Spending accounts can save employees money in federal, state and local taxes on items they already pay out-of-pocket. Any expenses paid under this plan must be eligible expenses as governed by Internal Revenue Service (IRS) regulations must be for services provided for me or a qualifying individual and must not be reimbursed from any other source. The reimbursements submitted must have been rendered during the plan year. For more information please refer to the Flexible Spending Account plan highlights or contact StaffScapes.

\_\_\_ **Qualified Medical Expenses** \$ \_\_\_\_\_ **per year (\$2500 per year max)**

\_\_\_ **Dependent Care** \$ \_\_\_\_\_ **per year (\$5000 per year max)**

\*Please note the annual amount elected will be calculated into a per paycheck deduction.

\*\* Any unreimbursed amount remaining in the FSA account at the end of the plan year will be forfeited.

I elect to reduce my salary by the benefit amount(s) shown below on a pre-tax basis for the purpose of participating in the flexible spending account plan. Furthermore, by signing below, I agree to the terms and conditions of the StaffScapes Salary Reduction Plan My signature below indicates that I have read and understand that my election is effective as of the date below and continues in effect until the next annual election period. I also understand that by signing and submitting this enrollment form, I am making an irrevocable election for the current plan year unless I have a qualified event as defined by the IRS.

\_\_\_\_\_  
Employee Signature (required)

\_\_\_\_\_  
Date

## General Plan Information

- Your plan year information is available through StaffScapes benefits department.
- Expenses must be incurred during the plan year and receipts must reflect actual Date of Services rendered.
- Each employee must use the amount in the flexible spending account by the end of the plan year, or lose it. The “use it or lose it” rule means that employees cannot take cash at the end of the year for amount not used.
- Funds remaining at the end of each plan year may not be rolled over to the next year. These funds will be used to offset expenses for the plan.
- 90 days are allowed beyond the end of the plan year to request reimbursement of any funds remaining in your account. LATE CLAIMS WILL NOT BE CONSIDERED. Mailed claims must be postmarked by the last day of the 90-day grace period to be accepted.
- Upon termination of employment, eligibility for the 125 plan also terminates. Reimbursements for expenses incurred during the time of employment may be requested through the 90 days following the termination date. You may be eligible to elect Flex COBRA in order to continue your Flex Plan. Please consult StaffScapes Benefits Department for further information.
- The opportunity to participate in the plan is given at the beginning of the plan year, or when you become eligible upon employment. It may not be changed during the plan year unless there is a qualifying event, per IRS regulations, such as the employee’s marriage or divorce, birth or adoption of a child of the employee, change in daycare provider, death of an employees spouse or dependent, termination or drastic change in hours of employment of the employee or the employee’s spouse.
- Because social security is now based on your reduced (adjusted) gross income, those benefits, when you become eligible for them, could be reduced.

## Medical Expense Account Information

- Only medical expenses may be reimbursed through the medical expense account.
- Out-of-pocket medical expenses include those services incurred by other family members (spouse and dependents) in addition to the participant.
- Medical expenses may not be reimbursed under any other plan.
- If utilizing the medical expense reimbursement through Flex, those dollars allocated cannot apply toward a medical deduction (7.5% of gross income) for your income taxes.
- The maximum allowed for the medical expense account is \$2,500.00 per year.
- Receipts are required for the medical expense account reimbursement. (If expenses are covered through your health plan, they should be submitted to your insurance carrier). You may attach an explanation of benefits statement from your insurance carrier, which shows the date(s) of service, etc. or a receipt. Please note that receipts must show the DATE OF SERVICE (with in the current plan year), DESCRIPTION OF SERVICE, AND PAYMENT FOR EACH SERVICE. Check copies alone are not acceptable.
-

## Dependent Care Expense Account Information

- Only dependent care expenses may be reimbursed through the dependent care expense account.
- Dependent care expenses include day care expenses for dependents under the age of 13 and/or care for the elderly. Expenses for dependent care are eligible if it allows you to work. The Dependent Care account can only be used for daycare or before/after-school care. Tuition for education beyond kindergarten is non-reimbursable, unless this is classified as a special need due to handicap.
- The Internal Revenue Service will require the Social Security Number and/or Tax Identification Number of all dependent care providers you have utilized throughout the year on your personal income tax form. (If not an institution, the day care provider may be a relative, but must be at least 19 years old and be reporting your expense as their income).
- IRS limits dependent care reimbursement to a maximum of \$5,000.00 yearly per family (or \$2,500.00 yearly if married and filing single).
- Receipts are required for Dependent Care Expense Account reimbursement. Any written statement showing dates of service, description of service, amount paid and provider's signature will be sufficient. Please note that the IRS will require the Tax Identification Number and/or social Security Number of all day care providers you have utilized throughout the year on your personal income tax form.

NOTE: It is wise to keep copies of all submitted paperwork for yourself in case any are lost in transit to StaffScapes, Inc. In most cases claims will be paid within one month of submission.

## **Qualified Events**

Employees can make changes to their plan elections, when certain "qualified" events occur. These changes must be made within 30 days of the qualified event. Some examples of a qualified event are:

- Marriage or Divorce
- Birth or adoption of a child
- Death of a spouse or child
- Start or termination of employment
- A change from part-time to full-time status
- A significant change in health coverage

These are just some examples of Qualified Events, and each participant's specific event must be reviewed to assure eligibility.



## Expenses Reimbursable From a Flexible Spending Account

Below is a listing of some of the expenses that are eligible to be reimbursed under a qualified Flexible Spending Account. This listing does not include all expenses so please contact StaffScapes to review your specific expenses and eligibility.

**Abortion Legal**

**Acupuncture**

**Alcoholism and drug abuse**

**Ambulance**

**Artificial limb**

**Artificial teeth**

**Birth control pills and devices**

**Braille books and magazines**

**Breast reduction** - medically necessary

**Car controls** - special equipment installed in a car for the use of a person with disabilities.

**Chiropractor**

**Christian Science practitioners**

**Contact lenses**

**Crutches**

**Deductibles & Co-pays**

**Dental treatment**

**Eyeglasses**

**Fertility** - Treatment of infertility

**Flu shots**

**Guide dog**

**Hearing aids**

**Hospital**

**Human guide**

**Impotence or sexual inadequacy**

**Insulin**

**Laboratory fees**

**Laser eye surgery**

**Lead-based paint removal**

**▶▶ Massage Therapy ONLY with Dr. Diagnosis and prescription**

**Medical aids** - Medical aids such as false teeth, hearing aids, orthopedic shoes, crutches and elastic hosiery are reimbursable.

**Medical monitoring and testing devices**

**Medical records charges**

**Norplant insertion or removal**

**Orthodontia**

**Orthopedic shoes**

**Organ donor**

**Osteopath**

**Oxygen**

**Physical therapy**

**Pre-existing conditions** - Medical expenses not covered because of the plan's pre-existing condition limitation are reimbursable.

**Prescription drugs**

**Prescription sunglasses**

**Prosthesis**

**Psychiatric care**

**Psychoanalysis**

**Psychologist**

**Radial Keratotomy**

**Seeing-eye dog**

**▶▶ Smoking cessation program (over-the-counter) with prescription**

**Sterilization**

## Expenses Reimbursable From a Flexible Spending Account

### **Substance abuse**

**Telephone & Television** - Special equipment for a hearing-impaired person

**Transportation** - Can deduct 12 cents a mile for use of car to obtain medical care, and parking fees and tolls can also be deducted.

### **Vaccines**

### **Vasectomy**

### **Vision care**

### **Well baby care**

### **Wheelchair**

### **X-ray fees**

\*\*\*\*\*

**NOTE: THE FOLLOWING ITEMS ARE NOT ELIGIBLE FOR REIMBURSEMENT**

### **▶▶▶Over-the-Counter Medications without prescription**

*Holistic & Natural Remedies*

*Contact Lens replacement Insurance*

*Cosmetic Surgery*

*Electrolysis & Hair Transplants*

*Over-the-Counter Vitamins*

*Funeral and burial expenses*

*Health club dues*

*Cosmetic dental work*

**▶▶▶Teeth whitening/bonding - Cosmetic**

*Exercise equipment*



## Definition of Qualified Dependent Care Expenses

1. Qualified Dependent Care Expenses generally are expenses which you incur with respect to a Qualified Dependent, which will enable you to be able to work for the Company.
2. Under the Dependent Care Assistance Plan, a person will be treated as your "Qualified Dependent" if the person is a member of your household and is either a dependent of yours who is under the age of 13, for whom you are entitled to an exemption on your personal Federal tax return, or the person is your spouse or your dependent and is physically or mentally incapable of caring for himself or herself.
3. Included within the category of Qualified Dependent Care Expenses are expenses for household services and expenses for the care of a Qualified Dependent which are incurred in order to enable you to be employed at the company. If the expenses are incurred for services performed outside of your household, they will only be treated as Qualified Dependent Care Expense if the Qualified Dependent on whose behalf the services are performed either is under the age of 13 or regularly spends at least eight (8) hours per day in your household.
4. Expenses incurred with respect to a day care center will be treated as a Qualified Dependent Care Expenses under the Dependent Care Assistance Plan only if the day care center (i) complies with all applicable state and local government laws and regulations, (ii) provides care for more than six (6) persons (other than persons who reside at the day care center), and (iii) receives a fee, payment or grant for providing services.
5. Expenses which are paid to related individuals may be reimbursed, subject to the following special limits. Under the Dependent Care Assistance Plan, no reimbursement will be made for any expense which would otherwise be a Qualified Dependent Care Expense if you pay such expense (i) to your child who is either under the age 19 or who is a full time student, or (ii) to any other person for whom you (or your spouse) is entitled to an exemption on your personal federal income tax return.
6. Expenses paid for sending a Qualified Dependent to overnight camp are not treated as Qualified Dependent Care Expenses.
7. The amount of Qualified Dependent Care Expenses will reduce, dollar-for-dollar, the amount of expenses which are otherwise eligible for the Federal dependent care credit on your federal income tax return.

**NOTE:** Both you and your spouse must be employed. Child care expenses will be reimbursed only after services are rendered.

If you have any questions about your rights under a Flexible Spending Account please contact StaffScapes, Inc. at (303) 466-7864 or outside the Denver metro area (800) 551-7607.



## **Flexible Benefits Plan: Frequently Asked Questions**

### **What is Flexible Spending?**

It is a tax savings method of accumulating monies that you spend during the "Plan Year" on eligible expenses. The "Plan Year" is defined as a 12-month calendar year.

### **How will the Flexible Benefits Plan save tax dollars?**

The monies accumulated in your flexible spending account will not be reported as earned income. There will be no taxes on this money and the tax savings will appear as increased take home pay. See Example.

### **What happens to my Flex Dollars?**

Let's assume you'll spend \$5000.00 over a 52-week period for childcare (as in the prior example). Each week for 52 weeks we will credit your childcare account for \$96.15. On a monthly basis, you submit a receipt for paid childcare and we will send you a check for the amount of the receipt as long as services have been rendered and the amount does not exceed the balance in your Flexible Spending Account for childcare.

### **What if I have monies left in my account at the end of the plan Year?**

In the Tax Reform Act of 1986, the IRS ruled that eligible expenses may only be taken in the Plan Year and you must submit receipts for reimbursement. All receipts must be for services received after your enrollment date in the Cafeteria Plan. Only estimate eligible expenses that you feel you can supply receipts for in the Plan Year. If you do not supply receipts you will forfeit any monies in your account. All receipts must be dated prior to the end of the Plan Year (December 31st) and received prior to March 31st of the following year.

### **What about medical reimbursements?**

This is another way to create tax savings by flexing deductibles, examinations, office visits for medical, dental, vision and hearing. Please be sure to provide a copy of any applicable Explanation of Benefits (EOB) forms along with a corresponding receipt.

### **Will a Flexible Spending Account help me?**

Each individual and/or family situation is different - so you must examine your own financial picture. For most taxpayers the flexing of childcare and medical expenses will save tax dollars providing you actually incurred the expense and can furnish paid receipts.

### **If my employment is terminated, what happens to my Flexible Spending Account?**

Your plan year would then end as of your termination date, unless COBRA continuation is elected. If COBRA were not elected, no additional funds would be deposited to your account; however, you still may submit receipts for eligible expenses and receive your reimbursement for the Plan Year. Your receipts must be dated prior to the date of termination, and received within 90 days of that termination.