

# FLEXIBLE SPENDING ACCOUNT

*A user guide  
for managing  
your plan*

[www.padmin.com](http://www.padmin.com)

## FLEXIBLE SPENDING ACCOUNT WORD GLOSSARY

Unsure of what a certain word means? Search our glossary for definitions of commonly used words.

**Annual election amount** - this is the total dollar amount you elect to put into your FSA at the beginning of each plan year.

**Dependent** - a person whose expenses are eligible for reimbursement through the employee's FSA. A dependent is usually an employee's spouse or child(ren) under age 27. Please visit our website [www.padmin.com](http://www.padmin.com) for more information.

**Eligible expense** - items that are reimbursable under the FSA Plan are classified as "eligible expenses" according to IRS rule. For a detailed list of what is eligible please refer to page 9.

**FICA** - taxes collected for Social Security and Medicare benefits.

**Flexible Spending Account** - also known as an FSA; a pre-tax benefit plan that enables the employee to save 30-40% on eligible expenses. By enrolling in this plan the participant saves on state (except in New Jersey), federal and FICA taxes.

**Grace period** - an employer-chosen extension of the plan during which expenses can be incurred.

**Health FSA rollover** - an employer-chosen provision allowing up to a maximum of \$500 of unused Health FSA funds to roll over into the next plan year.

**Open Enrollment** - a designated time, prior to the start of your plan year, during which employees can enroll in the FSA plan and change their benefit elections.

**Plan year** - the twelve month period during which the annual election is effective.

**Run-out period** - a period of time after the plan year ends during which participants may submit receipts for expenses which were incurred during the plan year or grace period.

**Uniform Coverage Rule** - this rule allows you to access your entire annual election for the Health FSA immediately after the start of the plan year. All other accounts are "pay-as-you-go." This rule only applies for the Health Flexible Spending Account.

**Use-or-Lose Rule** - an IRS rule which states that employees must spend any remaining balance in their FSA by the end of the plan year. If you don't spend the money you forfeit it.

## WHAT IS AN FSA?

A Flexible Spending Account is a program that the Federal Government allows your employer to sponsor. It enables you (the employee) to save Federal, state and Social Security (FICA) taxes on the money you use to pay for eligible expenses. The tax savings will increase your take-home pay.

### A VALUABLE BENEFIT

If you choose to participate in this valuable benefit, you and your eligible dependents can pay for medical, dental and vision expenses, as well as dependent care expenses, on a tax-free basis. Use this brochure as a quick reference for questions you may have throughout the year.

### WHOSE EXPENSES ARE ELIGIBLE?

Under the plan, only the expenses of a participant, a participant's spouse or a participant's dependent(s) qualify for pre-tax treatment. If you are unsure if a person qualifies as an eligible dependent, please refer to the P&A website for a more detailed definition.

On June 26, 2015 the Supreme Court ruled that same-sex marriage is legal throughout the United States. Going forward, qualifying expenses incurred by a same-sex spouse will be eligible for reimbursement under your Flexible Spending Account.

### Your Benefits Are Enhanced

FSAs are designed to cut predictable costs while increasing your take-home pay. Maximize every dollar by taking advantage of this benefit choice. Alleviate those high out-of-pocket expenses by enrolling in a plan that works for you.

### When You Enroll

When you enroll you determine the amount of expenses you anticipate for the upcoming year. The benefits you elect are paid for with pre-tax dollars deducted from your paycheck each payroll period. These dollars are subtracted from your gross earnings before taxes are taken out.

### How It Works

Under this plan you can use pre-tax money to pay for different kinds of expenses, including: your medical, dental and vision care expenses that are not covered by your insurance and the cost of caring for a dependent while you work.

### Your Spendable Income Increases

When you elect pre-tax benefits under a flexible benefits plan, you lower your taxable income on your W-2; therefore, you pay less in taxes and increase your spendable income. Depending on your tax bracket, this plan can save you 30% to 40% on qualifying expenses.

## ENROLLMENT INFORMATION

### How are benefits paid for?

Any benefits you elect are paid for with money that is withheld from your pay. These pay reductions do not count as income for income tax or Social Security tax purposes. This means that the Plan allows you to use tax-free dollars for expenses that would otherwise have to be paid for with money that you have already paid taxes on.

### When can I enroll?

Participants can enroll in an account during their open enrollment. This is the period of time determined by the employer when employees can elect their benefits and determine how much money to put into an FSA.

### May I change my benefit election?

You may only make a change in your election(s) during open enrollment. This means you may not make a change in your election(s) after the open enrollment period unless you experience a qualifying event, which includes the following:

- a change in legal status (e.g., marriage, death of your spouse, divorce, legal separation or annulment),
- a change in the number of your dependents due to events such as birth or adoption,
- a termination or commencement of employment by your spouse or dependent and,
- a change in the place where you, your spouse or dependent work or reside.

*Changes must be requested within 30 days of the qualifying event.*

**IMPORTANT NOTE:** Remember, unless you experience one of the limited circumstances allowing for election changes during the Plan Year, you will not be able to reduce or increase the amounts designated on your enrollment form, nor will you be able to change amounts from one account to another. This is why you are encouraged to plan carefully before you enroll in this Plan.

### Will my Social Security benefits be affected by my contributions to the Plan?

Your Social Security benefits may be slightly reduced because, when your pay is reduced to cover your benefits under the Plan, the amount of contributions that are made to the federal Social Security system to provide you Social Security benefits also are reduced. However, for most employees, the reduction in Social Security benefits will be insignificant compared to the value of paying lower taxes today.

If your employer selects the option to add the grace period provision or Health FSA rollover provision to the plan the "use-or-lose" rule will be modified. In the case of the Health FSA rollover, the use-or-lose rule no longer applies to the Health FSA if this provision is selected. Please check your Summary Plan Description (SPD) for details specific to your plan.

**What funds are available to be rolled over?** Up to \$500 of unused Health FSA funds may be rolled over each plan year. Any unused funds in excess of \$500 will be forfeited. Only contribute money you are confident you will use during the plan year to pay for qualified expenses. Rolled over unused funds from the 2015 year will be available for eligible health expenses in 2016.



## TAX SAVINGS

Whether you are an individual, part of a dual-income household or a couple with one working spouse, a Flexible Spending Account will provide you with additional benefits and more take-home pay.

### INDIVIDUAL

In the illustration below, the single employee earns \$30,000. She uses the flex plan to pay for her health insurance co-payments and deductibles and, since she has no dental insurance, her dental expenses. This way she increases her take-home pay by \$528. That is additional take-home pay she can use for herself!

### WORKING COUPLE WITH DEPENDENTS

This husband and wife both work. They have two children. He makes \$30,000 and she earns \$42,000 per year. They use the flex plan to help pay for orthodontia for their

younger child. The couple also use their flex plan to pay for after school care while both parents work. The chart shows that this couple increases their monthly take-home by \$207 a month or \$2,484 total this year. That gives them additional money for the emergency expenses every family has and allows them to set some money aside to fund an additional retirement plan.

### COUPLE – ONE WORKING SPOUSE

With grown children and only one spouse working, this couple has no child-care expenses. The annual salary of the working spouse is \$54,000. They use the flex plan to pay the premium for non-employer vision insurance coverage, to meet their health insurance deductibles, and to pay dental care expenses. The flex plan increases the spouse's take-home pay by \$57 per month, or \$684 for the year – a nice raise for the family budget!

MONTHLY EXPENSES	INDIVIDUAL		WORKING COUPLE WITH DEPENDENTS		COUPLE- ONE WORKING SPOUSE	
	Without FSA	With FSA	Without FSA	With FSA	Without FSA	With FSA
Gross Monthly Income	\$2,500	\$2,500	\$6,000	\$6,000	\$4,500	\$4,500
Less Non-Deductible Benefits						
Medical/Dental Expenses		\$150		\$300		\$200
Child Care Expenses				\$400		
Total Monthly Income Subject to Tax	\$2,500	\$2,350	\$6,000	\$5,300	\$4,500	\$4,300
Monthly Federal & State Taxes*	\$319	\$286	\$587	\$434	\$262	\$220
Monthly Social Security & Medicare Taxes	\$191	\$180	\$459	\$405	\$344	\$329
After Tax Income	\$1,990	\$1,884	\$4,954	\$4,461	\$3,894	\$3,751
After Tax Expenses						
Medical/Dental Expenses	\$150		\$300		\$200	
Child Care Expenses			\$400			
Monthly Spendable Income	\$1,840	\$1,884	\$4,254	\$4,461	\$3,694	\$3,751
Annual Increase in Take-Home Pay		\$528		\$2,484		\$684

\*Federal and state taxes reflect 2014 federal tax rates and typical state taxes with standard deductions and exemptions.

## ACCOUNT AVAILABLE

There are different kinds of Flexible Spending Accounts available where you can use pre-tax dollars for specific expenses. Below is an outline of each account available to you.

### HEALTH FLEXIBLE SPENDING ACCOUNT\*

Covers medical, dental and vision expenses that are only partially covered or not covered at all by your insurance, including insurance deductibles, insurance co-payments and over-the-counter medications by prescription.

#### Health FSA Annual Election Amount

If you make an election under the Health FSA, the amount that you elect will be immediately credited to the account in your name. Starting on the first day of the Plan Year, you will be entitled to be reimbursed for claims up to the entire elected amount at any time during the Plan Year, even if the total salary reduction contributions that you have made to your Health FSA are less than the total amount of claims that you have submitted.

*\*The Health Flexible Spending Account is the only account where participants have access to their full annual election immediately. All other accounts accrue the election amount on a per pay deduction basis.*

### DEPENDENT CARE ASSISTANCE ACCOUNT

Covers amounts you pay to daycare centers, after school programs, babysitters, caregivers or elder care so that you and your spouse can work.

*Enroll in a Flexible Spending Account and save money on eligible medical, dental, vision and day care expenses for you and your eligible dependents!*



## P&A BENEFITS CARD

P&A offers a Benefits Master Card to participating employers who choose this option for their employees. The Benefits Card works like a debit card. When you incur an eligible expense present your Benefits Card to the provider of the goods or services you are purchasing. Swipe your card at the point-of-service and the expense will automatically be deducted from your Flexible Spending Account balance. If you are unable to use your Benefits Card you can still be reimbursed for all eligible expenses. See below.



The debit card is valid for three years from the date of issue. When it's time for you to receive a new card, your card will automatically be mailed to your home address in a plain white envelope. Additional cards may be ordered online for your spouse or eligible dependent (must be 18 years old). To order a Benefits Card online log into your P&A Account.



*Use your Benefits Card to purchase eligible FSA products right at the point-of-service!*

## HOW TO SUBMIT A CLAIM

Submit a claim electronically through one of our paperless options. It's secure, quick and easy- perfect for your busy lifestyle.

### "QuikClaim" Mobile Claim Submission\*

Submit a claim directly from your smartphone! First, capture a picture of your receipt or other supporting documentation for your eligible expense. Next, go to our website on your smartphone - [www.padmin.com](http://www.padmin.com)- and log into your P&A Account. Select Upload and follow the prompts on your screen.

### Upload a Claim Electronically

Upload proof of purchase for your eligible expense (i.e., cash register receipt, EOB) by first scanning the documentation into your computer. Then log into your account and select the Upload a Claim option.

### File a Paper Claim

Claims can also be faxed or mailed to us. Complete a claim form (located on our website at [www.padmin.com](http://www.padmin.com)) and fax or mail to P&A Group, along with proof of purchase of your eligible expense (i.e., itemized receipt, EOB).

Toll-free fax: (877) 855-7105

Mail: 17 Court Street, Suite 500 Buffalo, NY 14202

Claims can be submitted for reimbursement for qualified expenses incurred during the plan year. Each plan allows for a "run-out" period at the end of the plan year where claims incurred during the plan year can be submitted. (Refer to your plan summary for the "run-out" time period allowed.)

Reimbursements are based on when the service is provided, not when the service is billed or paid.

*\*Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2-megapixel camera.*

## CLAIMS & REIMBURSEMENT FAQs

### How does P&A reimburse me?

The quickest way to receive your money is by direct deposit to your personal checking or savings account. You can sign up for direct deposit by completing and submitting the direct deposit authorization agreement (see page 17). You can also receive your money via check mailed to you at home. Once enrolled in direct deposit, all deposits are made via direct deposit until we are otherwise notified.

### What is the maximum amount I can be reimbursed?

Medical, dental, vision expenses will be reimbursed based on the total amount indicated on the claim request. This amount must not exceed your total plan-year election amount.

Dependent care expenses will be reimbursed based on the amount indicated on the claims request up to the total amount in your account (payroll deducted) at the time the claim is received. Total amounts must not exceed your plan-year election amount and must be submitted with appropriate documentation to verify eligibility of expenses.

Minimum check reimbursement amount is \$25.00  
Minimum direct deposit reimbursement amount is .25¢

### What documentation do I need to submit in order to get reimbursed?

#### FOR THE HEALTH FSA:

- Insurance company statement or Explanation of Benefits (EOB)
- Itemized bill from the provider showing date of service, services rendered, provider of service, amount paid and, if applicable, amount covered by insurance
- Prescription claims MUST include the Rx pharmacy receipt with Rx number. Credit card receipts are not acceptable

#### FOR THE DEPENDENT CARE ASSISTANCE ACCOUNT:

A claim must include the name, address and taxpayer identification number of the dependent care service provider. In the case of a babysitter, the taxpayer identification number is the babysitter's Social Security number. If you cannot remit a copy of your bill/contract, your daycare provider can sign your claim form which you can then upload as your "receipt."

#### RECEIVE FASTER REIMBURSEMENTS! ENROLL IN DIRECT DEPOSIT!

Go green with this paperless process and enjoy receiving your reimbursement quicker, without the hassle of a check.

Upload claims directly from your smartphone! Go to [www.padmin.com](http://www.padmin.com) and log into your account. It's fast, secure and built to meet your on-the-go needs!



## P&A GROUP MOBILE TECHNOLOGY

Getting quick and easy access to your account(s) on the go has never been easier! P&A Group offers you a variety of mobile tools to make managing your account easy, convenient and effective - the way it should be.

### MOBILE SITE

Our mobile site allows you to manage your account directly from your smartphone or mobile device. You can check your account balance, submit a claim, contact us with a question or check out account tools to help oversee your plan. Visit [www.padmin.com](http://www.padmin.com) on your mobile device.

### QUIKCLAIM

Submit your claims electronically. Log into your account and upload a claim along with any supporting documentation.

### TEXT MESSAGING OPTIONS

Receive on-the-go account information via text message once you update your online profile with your mobile number. To update your profile, log into your P&A account online at [www.padmin.com](http://www.padmin.com) (select "Login," then "Employees.") Once your account is updated with your mobile number, you can text specific codes to the number 70626 and instantly receive updated account details.



P&A'S MOBILE SITE -  
*[www.padmin.com](http://www.padmin.com) on your  
smartphone*

FEATURE	TEXT CODE	INSTRUCTIONS
Account balance	BAL	Text BAL to receive a text message with your account balance
Claim Status	CLM	Check the status of your most recent claim
History of Last Five Reimbursements	HIS	Instantly get an update on your last five reimbursements
Deposit Update	DEP	View your last five deposits into your account(s)

## QUESTIONS ABOUT YOUR PLAN? WE'RE HERE TO HELP

### Customer Service Options

- 24/7 account access via IVR at (800) 688-2611
- Toll-free account information available in English & Spanish
- Customer service representatives available Monday through Friday: 8:30AM to 10:00PM ET
- Live online chat available during customer service hours

**Phone:** (800) 688-2611 **Web:** [www.padmin.com](http://www.padmin.com) **Mailing Address:** 17 Court Street, Suite 500 Buffalo, NY 14202

## VISIT OUR WEBSITE

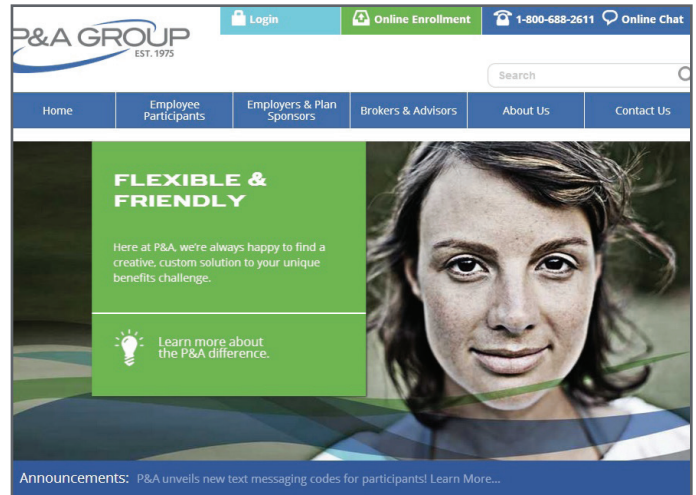
Managing your plan should be simple. At P&A we provide you with the convenience and dedication you deserve to ensure you have the best tools for your account. Check out our website at [www.padmin.com](http://www.padmin.com) for the latest information on all your benefit needs. Discover our streamlined tools and applications built specifically for you, to make account management convenient and straightforward. View your account balance or claim history, submit a claim electronically, or talk with a customer service representative through our live online web chat.

### First Time Users

Access your account online by using our secure website [www.padmin.com](http://www.padmin.com). Select the Login icon at the very top of the homepage and choose Employees. When you first log in, you must create a username and password. Follow the prompts on the screen.



## @ [WWW.PADMIN.COM](http://WWW.PADMIN.COM)

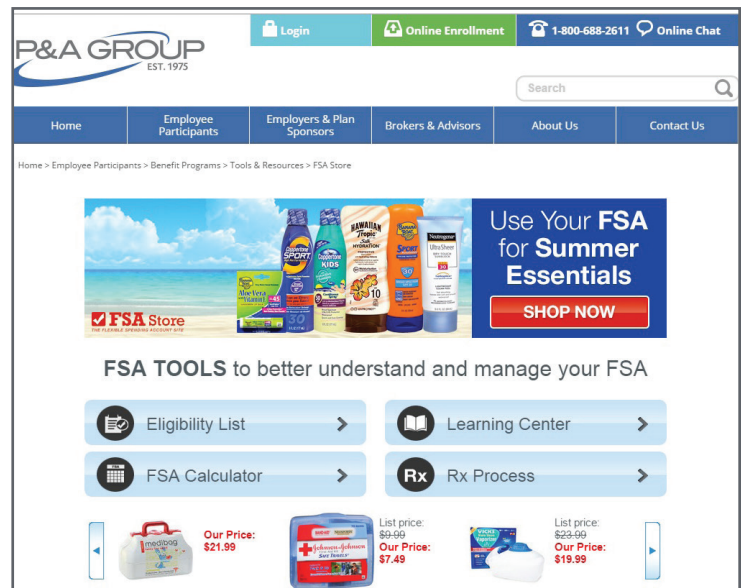


## FSA STORE

Shop for exclusively stocked FSA products and services through FSA Store, P&A's vendor partner and one stop shop for your FSA needs!

Visit [www.padmin.com/fsaextras](http://www.padmin.com/fsaextras) and get instant access to great deals and more, including an FAQ Learning Center, 24/7 customer service and upfront answers about which items require a physician's prescription.

*Start saving money today!*



## SAMPLE ELIGIBLE EXPENSES FOR FSA REIMBURSEMENTS

### Eligible Health FSA Expenses

- Acupuncture
- Alcoholism treatment
- Ambulance hire
- Artificial teeth/dentures
- Bandages
- Blood pressure monitors
- Braces
- Braille-books and magazines
- Breast pumps and lactation supplies
- Cancer screening
- Chiropractors
- Co-insurance amount you pay
- Co-pay amount you pay
- Condoms
- Contact lenses and eyeglasses
- Contact lens solutions
- Cold/Hot Packs
- Cost of operations and related treatments
- Crutches
- Deductible medical coverage (amounts you pay)
- Dental fees
- Diabetic supplies
- Drug addiction treatment
- Eye exams, eye glasses, eye surgery
- Fertility treatments (in vitro fertilization, surgery)
- Guide dog/service animal (including purchase, maintenance)
- Intellectually/developmentally disabled person's school and education (i.e., payments made for a mentally impaired or physically disabled person to attend a special school including tuition, meals and lodging)
- Hearing devices and batteries
- Hospital services
- Incontinence products
- Insulin
- Laboratory fees
- Lead-base paint removal (for children with lead poisoning)
- Medical alert bracelets
- Medical information plan
- Mentally handicapped persons cost of special home care
- Nurses fees (including nurses' board and social security tax paid by you)
- Obstetrical expenses
- Operations
- Oxygen
- Prosthesis
- Pregnancy tests
- Psychiatrists' and psychologists' fees
- Radial keratotomy and Lasik eye surgery
- Roling therapy
- Routine physical & other non diagnostic services or treatments
- Smoking cessation programs
- Speech Therapy
- Special education for the blind
- Special plumbing for handicapped
- Sterilization (i.e., tubal ligation, vasectomy)
- Surgical fees
- Telephone, special for hearing impaired
- Television audio display equipment for hearing impaired
- Therapeutic care for drug and alcohol addiction received as medical treatment
- Thermometers
- Transportation expenses for person to receive medical care
- Vaccines
- Walkers
- Wheelchair
- X-rays
- Compression Hose
- Diaper rash ointment
- Dietary supplements
- Doula
- Ear wax removal kits
- Eczema treatments
- Exercise programs or equipment
- Fiber supplements
- First-aid cream
- Glucosamine
- Hemorrhoid treatments
- Humidifier
- Hypnosis
- Infertility treatments
- Lactose intolerance tablets
- Lamaze classes
- Latex gloves
- Laxatives
- Massage therapy
- Menstrual pain relievers
- Mineral supplements
- Motion sickness pills
- Nasal spray and strips
- Nicotine gum, patches
- Occupational therapy
- Orthopedic shoe inserts
- Over-the-counter medications
- Petroleum jelly
- Prenatal vitamins
- Rogaine®
- Scooter, electric
- Sinus medication
- Stomach & Digestive relief items
- Sunburn cream (Solarcaine)
- Toothache and teething pain relievers
- Umbilical cord blood storage
- Urinary pain relief medication
- Varicose vein, treatment of
- Vitamins
- Wart removal medication
- Yeast infection medication

### Eligible Expenses Only with a Prescription or Letter of Medical Necessity

- Analgesics, fever reducers, pain reducers (aspirin, ibuprofen, acetaminophen)
- Antacids and heartburn relief
- Antibiotic ointments
- Anti-itch creams and hydrocortisone creams
- Allergy medication, nasal sprays
- Arthritis pain relieving creams
- Athlete's foot treatment, anti-fungal creams
- Birth control
- Chondroitin
- Cold medicines, tablets, syrups, cough drops & lozenges

### Never Eligible

- Cosmetic products
- Disposable diapers
- Diet program foods
- Electrolysis
- Feminine hygiene products
- Hand sanitizer
- Toothbrushes

## SAMPLE ELIGIBLE EXPENSES FOR FSA REIMBURSEMENTS

### Eligible Dependent Care FSA Expenses

- Babysitters
- Daycare centers
- Nursery schools
- After-school programs
- Day camp
- Eldercare
- (Overnight camps are NOT eligible)

Expense eligibility is subject to change. If you are unsure if an expense is eligible for reimbursement, please call the P&A Group at (800) 688-2611 or chat with a customer service representative through our online chat available at [www.padmin.com](http://www.padmin.com). For a more extensive eligible expense list, please visit [www.padmin.com](http://www.padmin.com). Go to Employee Participants → Benefit Programs → Tools & Resources and select PDF of FSA Eligible Expenses.





## DEPENDENT CARE GUIDELINES

### WHO IS A QUALIFYING DEPENDENT FOR PURPOSES OF A DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT?

Dependent care expenses must be provided to qualified persons. A qualified person is defined as any of the following:

1. A dependent under age 13:
  - (a) he or she has the same principal residence as you for more than half the year
  - (b) he or she is your child or step-child (by foster or adoption), foster child, sibling or step-sibling, or a descent of one of them and;
  - (c) he or she does not provide more than half of his or her own support for the year. *Non-custodial parents: check with your legal or tax advisor to see if special rules apply to you that would enable you to utilize this account.*
2. A spouse who is physically or mentally unable to care for himself or herself.
3. A dependent that is unable to care for him or her self and who qualifies as a dependent for income tax purposes.
4. If the qualifying person is not under age 13, dependent care expenses incurred outside the home can be reimbursed only if the qualifying person regularly spends at least 8 hours a day in the employee's household.

### WHAT EXPENDITURES ARE ELIGIBLE FOR REIMBURSEMENT UNDER DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS?

Eligible expenses are defined as those that enable the participant and the participant's spouse to work or to look for work. They include the following:

1. Childcare centers that care for six or more children and that meet the IRS's definition of a qualified day care center;
2. Caregivers for a disabled spouse or dependent who lives with the participant;
3. Babysitters;
4. Nursery schools; and
5. Household expenses provided that a portion of these expenses is incurred to ensure a qualifying dependent's well being and protection.

A stipulation imposed by the IRS is that the service provider must be over 18 years of age, and cannot be an individual for whom a personal tax exemption may be claimed.

### ARE THERE CERTAIN CIRCUMSTANCES UNDER WHICH AN EMPLOYEE'S SPOUSE IS TREATED AS IF HE OR SHE IS WORKING EVEN THOUGH THE SPOUSE IS NOT EMPLOYED?

Yes. If an employee's spouse is a full-time student or is physically or mentally not capable of self-care, he or she is treated as if working. A spouse is a full-time student if he or she is enrolled at and attends a school for the number of hours or classes that the school considers full time. The spouse must have been a student for some part of each of five calendar months during the year.

### WHAT EXPENDITURES ARE PROHIBITED FOR REIMBURSEMENT UNDER DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS?

Expenditures that are prohibited for reimbursement include the following:

1. Babysitting for social events;
2. Educational expenses;
3. Charges for overnight camp; and
4. Expenses that the participant will take as a child care tax credit on his income tax return.

### IS THERE A MAXIMUM AMOUNT OF EXPENSE THAT MAY BE REIMBURSED BY A DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT?

Yes. The maximum annual contribution is \$5,000 (\$2,500 for married participants filing a separate income tax return), but no more than the lesser of the earned income of the employee or his spouse. If your spouse is a full-time student or incapacitated the maximum annual election is \$3,000 for one child or \$5,000 for two or more children. (Amounts subject to change due to IRS guidelines.)

# FLEXIBLE SPENDING ACCOUNT



**Sonoma County Human Resources Benefits Unit**

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Santa Rosa, CA 95403 -

- [707] 565-2900 or
- E-Mail - [benefits@sonoma-county.org](mailto:benefits@sonoma-county.org)

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