EMPLOYEE GUIDE TO FLEXIBLE SPENDING ACCOUNTS

MEDICAL/HEALTH CARE SPENDING ACCOUNT

DEPENDENT CARE SPENDING ACCOUNT

2016
*** IMPORTANT ***

ENROLLMENT IN THE FLEXIBLE SPENDING ACCOUNTS IS ONLY VALID FOR ONE CALENDAR YEAR.

YOU MUST RE-ENROLL EACH YEAR IF YOU WISH TO CONTINUE USING A FLEXIBLE SPENDING ACCOUNT.
What is a Flexible Spending Account?

Mount Holyoke College offers two types of Flexible Spending Accounts, the Dependent Care Spending Account and the Medical / Health Care Spending Account. These accounts save you money by permitting you to set aside dollars on a pre-tax basis to pay for eligible out-of-pocket dependent care or out-of-pocket medical expenses.

In addition to flexible spending accounts, Mount Holyoke College deducts your life insurance and health insurance premiums on a pre-tax basis.

This document provides information on how the Flexible Spending Accounts work.

The Health Care Spending Account

By using the College’s Health Care Spending Account, you can use tax free dollars to pay for medical expenses (e.g. office visit copayments, deductibles, prescription copayments, glasses, contact lenses, dental bills, etc.) Ultimately, this means you receive a tax break on qualified health care costs, and you know in advance that the amount you put in your account will not be taxed.

The IRS permits you to deposit up to a maximum of $2,550 into a Medical / Health Care Spending Account per calendar year.

The Health Care Spending Account provides for tax-preferred treatment for medical expenses that might not otherwise have qualified. Under the federal tax laws, you may deduct qualified medical expenses only if they total more than 7.5% of your annual adjusted gross income and you may deduct only the amount of medical expenses in excess of 7.5% of your annual adjusted gross income. Under Massachusetts tax laws, you can deduct medical expenses on your state income tax return, only if you deduct them on your federal tax return. Since you may not know until the end of the tax year if your expenses will be large enough to qualify, your ability to use the tax deduction is not always predictable.

The Dependent Care Spending Account

The Dependent Care Spending Account is allowed under sections 125 and 129 of the Internal Revenue Code and permits you to pay for eligible dependent care expenses with the pre-tax dollars.

Your eligible dependents are defined under the Internal Revenue Code as:

- Dependent children younger than age 13; or your spouse or any other dependents, (for example, parents you claim as dependents on your Federal income tax), who are physically or mentally incapable of caring for themselves.

Eligible expenses for the dependents defined above include:

- Payments to licensed nursery schools, elder care center; day-care centers; day camp; and summer camp (only during the hours you are working);
- Payments to individuals (who are not dependents of yours) who provide dependent care services in or
outside your home; and

- Payments to housekeepers, nannies, or other live-ins, as well as expenses for their food and lodging, if they are in your home chiefly to assist in dependent care.

You cannot use both a Dependent Care Spending Account and the federal tax credit for the same expenses. The amount you contribute to a Dependent Care Spending Account will reduce, dollar-for-dollar, the amount you may claim as a tax credit. Your total eligible expenses through a Dependent Care Account and the Federal Tax Credit in total may not exceed $5,000 for those married filing jointly or single head of household.

Under certain circumstances and depending on income level, it may be more advantageous for you to utilize the federal income tax credit option as opposed to participating in a spending account. You may want to figure your taxes with and without the accounts and using the tax deduction and/or tax credit to find out what is most advantageous to you. As we cannot provide tax advice, we encourage you to consult a tax adviser before enrolling in one or both of the Spending Accounts.

Other Considerations:

Impact on Social Security Benefits

Your participation in one or both of the Spending Accounts will reduce your Social Security taxable wages by the value of your Spending Account contributions. This results in an immediate tax savings for you. It may also reduce any future Social Security benefit. The amount of the reduction would probably be minimal.

How Do I Get Started?

Participation in one or both of the Spending Accounts is voluntary and you must re-enroll every year during our open enrollment period in the month of November.

In general, a Spending Account works this way:


- Complete the annual enrollment form, the direct deposit reimbursement form and the debit card request form and return to Human Resources no later than November 30, 2015.

Your flexible spending account will be setup and funds will be added each time you are paid during the upcoming calendar year. Contributions to your account will be deducted from your paycheck in equal amounts each pay period until you reach the yearly election you have specified. (Please note: The minimum annual contribution is $120.00.)

How do I access my Savings Account?

- Pay for your qualified medical or dependent care expenses with the myFlexResource Debit Card.
  The College offers a MasterCard Debit Card called “myFlexResource Benefits Card.” The debit card may be used to pay for qualified medical or dependent care expenses at the point of service thereby eliminating the need to pay out of pocket and submit claim forms. In order to use the myFlexResource Benefits Card, you need to complete the “myFlexResource” application form.

- Submit receipts for out-of-pocket payments to medical or dependent care providers.
  To process a reimbursement claim, complete a paper or online claim form and include the required
documentation supporting your request.

A sample form can be accessed on the Human Resources or American Benefits website (see the section in this document: Accessing Your Accounts On-Line).

Who is Eligible to Participate?

You are eligible to participate in a Spending Account if you are:

- Working in a position that is regularly scheduled for at least 20 hours per week for the academic year (FTE of .39 or higher)
- An otherwise eligible employee who is not currently enrolled but is eligible and has experienced a “Qualified Status Change Event” (see the section: Changing or Stopping Your Contributions); you have 30 days from the date of the qualifying event to enroll in a Spending Account.

All participants are required to receive their reimbursements by direct deposit.

To participate in a Spending Account during 2016, you must enroll between November 1 and December 2, 2015, for the Plan Year beginning January 1, 2016. The Plan Year for 2016 runs from January 1, 2016 thru December 31, 2016.

See the section titled Important Policies & Regulatory Information to understand the limited circumstances that permit enrollment or changes outside the period of November 1 and December 2, 2015.

Minimum Contribution

For the 2016 plan year, each Spending Account has a minimum contribution requirement of $120.00.

Maximum Contributions

Health Care Spending Account: Under current IRS regulations, the maximum amount an individual may contribute to a Health Care Spending Account is $2,550.

Dependent Care Spending Account: Under current IRS regulations the maximum amount you may contribute to a Dependent Care Spending Account is as follows:

- If you are married, both you and your spouse must be working if you want to use the Dependent Care Spending Account (unless your spouse is a full-time student or is disabled). The amount you and your spouse may contribute to your account is limited, by law, to the smaller of your two incomes. If your spouse is a full-time student or is disabled, the IRS will consider your spouse to have an income of either $250 a month if you have one dependent or $500 a month if you have two or more dependents, depending on the number of children or qualified dependents you have.
- $5,000 per calendar year, if you are single, or if you are married and file a joint tax return; or
- $2,550 per calendar year, if you are married and you and your spouse file separate tax returns.

Important Policies & Regulatory Information

- Your election is for the entire plan year

Under current IRS regulations, once you enroll in a Spending Account, your elections remain in effect until the end of the year, unless you have a Qualified Status Change Event. You may change your election at any time during the
plan year (either increase or decrease the elected amount) for the Spending Account for a Qualified Status Change Event. Please refer to the Summary Plan Description located on the Human Resources or American Benefits website for a list of qualified status changes.

When you enroll, you must decide how much you want to contribute to your account. Because of the “use it or lose it” feature required by current IRS regulations, you should use your Mount Holyoke College Spending Accounts only for predictable expenses. We recommend spending some time conservatively estimating your anticipated eligible health or dependent care expenses. Tools and Calculators are available online through the American Benefits Wealthcare Portal website (see the section: Accessing Your Accounts On-line) to assist you in estimating your eligible expenses. As we cannot provide tax advice, we encourage you to consult a tax adviser before enrolling in one or both of the Spending Accounts.

- **You may be permitted to change your election only if you experience a Qualified Status Change.**

You will have 30 days to change your participation status after a Qualified Status Change Event occurs. To do so, you must complete a Qualified Status Change Event form. A sample Qualified Status Change Event Form can be found on the Human Resources website (see the section: Accessing Your Accounts On-line) or is available from the Human Resources Department.

- **Dependent Care Accounts from Prior Employers in the Same Year Require Attention**

Please note: The contribution limits for dependent care described in this document apply to your Mount Holyoke College Dependent Care Spending Accounts and any other Dependent Care Spending Accounts that you (or your spouse) may participate in during the year. Therefore, if you are hired after the beginning of the plan year and would like to participate in a Dependent Care Spending Account, you must consider contributions made to other Dependent Care Spending Accounts by you or your spouse with other employers when determining your limit.

- **Who administers the flexible spending plan for Mount Holyoke College?**

Mount Holyoke College has contracted with American Benefits Group to administer the Spending Accounts. For questions or concerns regarding the plan, you can email them at support@amben.com or call directly at 413-584-9923 or (1-800-499-3539). To receive reimbursement, you must first incur an eligible expense during your period of coverage under the plan.

- **Do I still need to keep my receipts if I use the Debit Card /myFlexResource card?**

For your convenience, the College offers a MasterCard Debit Card called the “myFlexResource Benefits Card.” The debit card can be used to pay for qualified medical or dependent care expenses at certain authorized points of service, thereby eliminating the need to pay for expenses out of pocket. Employees can access their flexible spending accounts using the myFlexResource Benefits Card as opposed to submitting receipts for reimbursement of qualified expenses to the plan administrator, American Benefits Group. However, per IRS regulations, ALL receipts must be retained for debit card transactions, even if they are not always requested for submission by the Third Party Administrator (American Benefits Group).

- **What if I incur expenses with a vendor that does not accept the debit card?**

Medical/Health Care and Dependent Care expenses are treated as having been incurred when you are provided with the medical or dependent care service that gives rise to expense, and not when you are formally billed or charged for, or pay for the medical or dependent care service. If you do not use the myFlexResource Benefits Card, you must submit a completed claim form for eligible expenses along with the appropriate documentation. Claim forms can be filed and receipts uploaded online through American Benefits’ Wealthcare portal website (see the section on accessing your accounts online). If you prefer to fax or mail a paper claim form, the forms are available online through the American Benefits or Human Resources websites or in the Human Resources Department. Submit copies of your documentation and retain the original for your records.

Please note: Eligible claims for the Dependent Care Accounts will be reimbursed up to the amount of your Spending Account balance at the time of claim processing.

Flexible Spending Accounts are reimbursed weekly. To ensure that your funds are reimbursed promptly, all claim forms must be received by American Benefits Group by Friday in order to be processed the following Tuesday.
Your reimbursement should be deposited into your account by Thursday. However, please note that banks process these types of transactions at different times throughout the day, and the account transactions can take up to three days. Also note that when there is a Monday holiday within any week, your reimbursement may be delayed by an additional day (i.e. in your account by Friday). You are not required to submit your claim forms weekly.

Please fax your claim forms and receipts (toll free) to: 1-877-723-0147.

If you do not have access to a fax machine, you may mail your claim forms and receipts to: American Benefits Group, P.O. Box 1209, Northampton, MA 01061-1209.

- **How long do I have to spend the money in my account?**
The IRS provides Mount Holyoke College the opportunity to provide participants with a 2 ½ month ‘grace’ period in which they may incur expenses and process account claims after the end of the plan year. This means that any eligible expenses incurred during this 2 ½ month grace period can be reimbursed from any unused amounts remaining from the end of the Plan Year.

Participants can continue to use any funds leftover from 2015 up to, but no later than, March 15, 2016. Any funds remaining after this grace period will be forfeited. The deadline for submitting reimbursement requests for 2015 is April 15, 2016.

By law, unused funds cannot be returned to you. The College will transfer all unused funds to the benefits budget to offset benefit administrative costs.

**If You Leave Your Job:** You may submit claims for reimbursement for only those expenses you have incurred through your last day of employment at the College. These claims must be submitted within 90 days of your last day worked. Any account balances remaining after that date will, by law, be forfeited.

However, you may continue your medical benefits under the Flexible Spending Account Plan only. If any of your dependents were covered under the Plan, you may continue their benefits. You must complete a ‘Continuation of Benefits’ form agreeing to make monthly payments—please note, however, this second option does not give you the advantage of having your funds withheld from your pay check with the pre-tax advantage. Then you can continue to incur, and be reimbursed for, medical expenses up to the amount of your election for the current year.

**If You Die or Become Totally Disabled:** You or your survivors may continue to submit claims for expenses incurred during the calendar year in which your death or total disability occurs. Such claims must be submitted no later than April 15th of the following year after the close of that calendar year. Any account balances remaining after that date will be forfeited.

**Accessing Your Accounts Online**

General information about Flexible Spending Accounts is available online at the American Benefits Healthcare Portal. To get started, visit:
[https://www.mywealthcareonline.com/myflexresource/](https://www.mywealthcareonline.com/myflexresource/)

If you have not previously registered with this website, click on the “New User? Please click here to register” link in the left hand column. Enter all required information.

**Your Employee ID is your social security number (with no hyphens)**
**Your Employer ID is ABGMHC.**

For information specific to the Mount Holyoke College Flexible Spending Accounts, for access to forms, or for a copy of the Summary Plan Description for the Flexible Spending Accounts, visit the Human Resources website at: [https://www.mtholyoke.edu/hr/benefits/flex_spending_account](https://www.mtholyoke.edu/hr/benefits/flex_spending_account)
Any of the information that is located on our website is also available in the Human Resources Department. You may call us at x2503 or stop in to request any of the documents you are interested in.

Because of the favorable tax treatment given to flexible spending accounts, we want to re-emphasize some of the IRS restrictions on their use:

- To continue participating in one or both of the Spending Accounts, you must re-enroll during each annual open enrollment period. If you do not re-enroll, your participation in your account(s) will cease at the close of the calendar year.

- Once you enroll, you cannot change your elections until the next annual open enrollment period, unless you have a Qualified Status Change Event.

- By law, you may not carry over contributions or expenses from one year to the next. However, there is now a 2 ½ month grace period for unused funds (see below for treatment of year-end expenses).

- Unused account balances will, by law, be forfeited. This is known as the "use it or lose it" rule.

*PLEASE NOTE: Per IRS regulations, canceled checks and credit card receipts or statements are not acceptable forms of documentation. Each receipt must show the provider’s name, date and nature of the service provided.

The information in this document is general information for the Mount Holyoke Spending Accounts. More detailed information may be found in the Summary Plan Document available on the Human Resources or American Benefits website or in the Human Resources Department. Nothing in this document is intended to give you advice about whether you should or should not enroll in an account or about any other aspect of your tax situation. If you need advice, you should consult a professional tax adviser.

Finally, while the College intends to continue the Spending Accounts described in this document, it reserves the right to amend or discontinue the Spending Accounts at any time.