A benefit that increases your take-home pay by letting you pay in pre-tax dollars for unreimbursed medical and dependent care expenses.
Q. What are Flexible Spending Accounts?

There are two (2) types of Flexible Spending Accounts (FSA) at Community College of Philadelphia which are established under Community College of Philadelphia’s Flexible Spending Plan (the “Plan”).

- The Health Care Flexible Spending Account
- The Dependent Care Flexible Spending Account

The College has secured the services of Flex-Plan to administer both of these Flexible Spending Accounts for eligible employees. Once an employee enrolls in a Flexible Spending Account they can log onto the Flex-Plan website at: www.flex-plan.com to monitor their own account, check current balances and claims, print forms, and look up information such as the list of eligible and non-eligible expenses.

Advantages of These Accounts

Many medically necessary expenses are either not covered by insurance or require deductions and/or co-payments. You may have child care or elder care expenses. You can use the Spending Account that increases your take-home pay by letting you pay in pre-tax dollars for those unreimbursed medical and dependent care expenses.

When you direct money from your pay to these accounts, you shelter each dollar from Federal Income Taxes and FICA (Social Security) taxes and your contributions to the Health Care and Dependent Care Spending Account(s) are also deducted from taxable income for Pennsylvania Income Tax purposes. So, you not only lower your taxes each paycheck, you also budget for a necessary expense. In most cases you can save 20% to 40% on your healthcare and/or dependent care expenses. The primary benefit of participating in the Flexible Spending Plan(s) is that you are not federally taxed on the salary you redirect into each benefit account, nor are you taxed when reimbursements are made. (Please be aware your contributions to a FSA are not subject to Social Security withholding. Therefore, your Social Security contribution is lower. This reduction in taxable income may result in a reduced Social Security benefit.)

Because of the tax advantages of these Flexible Spending Accounts, the government imposes some restrictions about how and when you can make contributions, and what happens to the money in your accounts if you do not use it. The tax laws concerning some of the issues covered in the Plan can be complex. For this reason, it is important that you understand how the Plan works, and make your decisions carefully. This summary can help you.
Q. How does a Flexible Spending Account work?

To participate in either Plan you must be an eligible employee. The Plans are open to Administrative, Confidential, Full-time Faculty and Classified employees who are scheduled for twelve (12) months of continuous service with the College at the time the plan year begins and who work no less than 32 hours per week. The open enrollment period is once a year. No enrollment will be permitted once the plan year begins except in situations where newly hired employees become eligible. For the Health Care Spending Account there is a twelve (12) month waiting period from the date of hire, and the enrollment form must be processed within thirty (30) days of the employee’s one year anniversary. For the Dependent Care Plan newly hired eligible employees may enroll within thirty (30) days of hire; Those eligible new hires who have worked for the College for twelve (12) continuous months become eligible for the first time for the Health Care Spending Account. The enrollment form must be processed within thirty (30) days of the employee’s one year anniversary.

Participation is entirely voluntary. You can choose one or both accounts. You “pay for” these benefits by redirecting your salary in the amount sufficient to pay for each selected benefit. You must make your contributions in equal amounts each pay period, until your contributions add up to the total annual amount you want to contribute for the plan year. One of the decisions you make during the enrollment period is how much you want to contribute to the Health Care Account and/or the Dependent Care Account. Your decision should be based on how much you anticipate spending for eligible expenses during the plan year.

- The **minimum** annual contribution to the Healthcare is $300 and for Dependent Care $520 for the plan year
- The **maximum** annual contribution for Healthcare is $2,550 and Dependent Care is $5,000.
- The $5,000 maximum contribution limit to the **Dependent Care Account** is considered a household limit. So, if both you and your spouse participate in a dependent care expense account plan (through Community College of Philadelphia or through another employer), your combined benefits cannot exceed $5,000 a year.
- The maximum contribution limit to the **Dependent Care Account** is $2,500 for the calendar year if you are married but you and your spouse file separate income tax returns.
- In addition to the limitations described above, your contributions to the **Dependent Care Account** cannot exceed the lesser of your spouse’s earned (taxable) income or one-half of your taxable income for the calendar year.
- If your Spouse is disabled or a full-time Student special rules apply if your spouse has no income because he or she is disabled or a full-time student. If this is applicable to you, your spouse will be considered by the government to have an income for the purpose of determining your maximum contribution to the **Dependent Care Account**. Please consult a tax advisor.
HEALTH CARE FLEXIBLE SPENDING ACCOUNT

Q. How Does the Health Care Flexible Spending Account Work?

A Health Care Spending Account is designed to help you pay for out-of-pocket health care expenses incurred by you or your eligible dependent(s) that are not reimbursed through any other benefit. Examples of eligible expenses are deductibles, co-pays, prescription glasses, vision exams, dental expenses and many others.

Here is how an FSA works. You decide to have an amount of your choice (goal amount maximum $2,550/minimum $300) to be deducted incrementally from your paycheck. These contributions to your Health Care Spending Account are made before any taxes (payroll or income) are taken from your earnings. You can then use a Debit Card issued from the current vendor the College uses, to “pay” for health care expenses. It is the opportunity to pay for eligible medical, dental, pharmaceutical, and vision expenses with earnings that have not been taxed that provides the great value of an FSA.

Your entire annual contribution goal amount is immediately available upon your enrollment in the Health Care FSA, even before you have made all of your payroll contributions to meet your elected goal amount.

For newly hired eligible employees there is a one year (12 months) waiting period to be eligible to enroll for the Health Care FSA.

Q. When does Participation Begin?

If you are eligible and decide to participate in the Plan, your contribution to the account begins with the first pay period in January and ends December 31st. Open Enrollment occurs annually and if you wish to participate, you must elect to participate in the Health Care Spending Account each year before the plan year begins.

As a new employee you may participate in the Health Care Plan after a twelve (12) month waiting period and then enroll within thirty (30) days of your one year anniversary. However, your contributions must equal your annual goal election amount. Your contributions will begin with the first pay period after your enrollment form is processed.

The plan year for the Health Care Account runs from January 1 through December 31. However you have until March 31 to submit claims and receipts for reimbursement of expenses that were incurred during the previous plan year.
Q. When does Participation End?

Your participation ends if:

- Your job classification changes to an ineligible category
- Your employment with the College ends for any reason
- The Plan is terminated.

Q. What is FSA Distributions for Reservists?

The Heroes Earnings Assistance and Relief Tax Act of 2008 (the HEART ACT) allows the Plan to offer “Qualified Reservist Distributions” (QRD) of unused amounts in the Health Care Flexible Spending Account to reservists ordered or called to active duty for at least 180 days or on an indefinite basis. An employee must request a QRD on or after the date of the order or call to active duty and supply the employer with a copy of the order to active duty (to confirm the compliance of 180 day/indefinite requirement) before the last day of plan year. The “Qualified Reservist Distributions” are reportable as taxable wages.

Q. What is the Health Care FSA Debit Card?

The FSA Debit card is a convenient tool that can help you maximize your FSA benefit. Just like your bank debit card is linked to your checking or savings account, your FSA Card is linked directly to your FSA account. If you enroll in the Health Care FSA you will automatically receive the FSA Debit Card. The Card will be mailed to your home address fully loaded with the annual goal amount you elected.

You can use the Debit card at authorized merchants or health care providers. You just swipe the card as with any debit card and you don’t need a PIN. When using your card at a medical provider (doctor, dentist, hospital, vision center, etc.), be sure you only use the card for your portion of the charges and not any charges that are covered by your insurance. Even if the card swipe is approved at the time of purchase, you may still need to verify that the purchase was an eligible expense, so you must save your itemized receipt. For comprehensive lists of eligible expenses and retailers who accept the FSA Debit card, please visit the Flex website at: www.flex-plan.com. First-time users will need to register their online account to gain access.

Unused Contribution Balances

Unused contribution balances for the Health Care FSA account cannot be refunded but there is a carryover feature. Any unused balance up to $500 will be carried over to the next plan year. Any remaining balance over $500 will be forfeited.
Making Election Changes

Typically, you may only enroll or make election changes during your benefits enrollment period. The IRS sets strict guidelines on how and when you may change your FSA elections during a plan year. FSA election changes can only be made if you experience a qualified life status change. These status changes include marriage, divorce, birth of a child, adoption of a child, death of a spouse, etc. A life status change must be reported to Human Resources within thirty (30) days of the change event. In addition, the changes made to your FSA election must be directly related to the type of status change you have experienced. For example, a marriage or birth of a child would only allow you to increase your election while a divorce or death of a spouse would only allow you to decrease your election.

Covering Your Eligible Dependents

You may submit (pay with Debit card) eligible expenses for any individual that you claim as a dependent on your Federal Income Tax Return.

Claim Submission Deadline

All expenses must be incurred during the applicable plan year (January 1 through December 31 of the following year). You do have until March 31 to submit for any reimbursement for expenses that were incurred during the plan year.

Retirement or Termination of Employment

Under IRS regulations, you may only submit claims (or use Debit card) for eligible expenses incurred prior to your termination date. Health Care expenses incurred after your termination date are not eligible for reimbursement and you will forfeit any monies unused in your account balance. Employees who retire or voluntarily or involuntarily terminate while a participant in a current Health Care FSA plan may continue to participate until the end of that plan year by paying the monthly FSA election amount (under COBRA regulations) by the first of every month. This option must be elected within sixty (60) days after your retirement date or your termination date.

Providing Proof of Purchase Eligibility

IRS regulations require that each claim be supported by detailed purchase receipts or an Explanation of Benefits (EOB) from your medical/dental insurance provider. Even when using the Debit Card for purchases, please keep all your receipts for possible substantiation and/or IRS audits.
Over-the-Counter (OTC) Items

Over-the-counter (OTC) items used to alleviate or treat personal injury or sickness are usually eligible under a Health Care FSA and require a doctor’s prescription. (1/1/2011)

A comprehensive list of eligible expenses
You can view what is available by visiting the Flex-Plan website. Types of medical expenses eligible for reimbursement include the following:

- Medical or dental plan deductibles or co-payments
- Doctor and Dentist Bills
- Hospital Bills
- Prescription co-payments
- Vision care including eyeglasses and contacts
- Nursing care
- Psychiatric and Psychological Care
- Special medical equipment prescribed by a physician due to a medical condition
- Over-the-counter medications to treat an injury or sickness requires a doctor’s prescription
- Blood pressure monitoring devices
- Carpal tunnel wrist supports
- Chiropractic care
- Diabetic supplies
- Laboratory Fees
- Laser eye surgery/Lasik
- Massage Therapy
- Mileage Reimbursement – for travel to/from medical care
- Nicotine gum/patches
- Nutritionist services
- Orthodontia services
**DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT**

Q. How Does the Dependent Care Flexible Spending Account Work?

A Dependent Care Flexible Spending Account is designed to reimburse for expenses incurred to care for your eligible dependents. Examples of eligible expenses are daycare or after school care (for children under 13 years of age) and elder care. Expenses for Dependent care are generally only considered eligible for reimbursement where the expense enables the employee and spouse (if applicable) to be gainfully employed or seek employment. An exception may apply where the spouse is a full-time student or disabled.

Q. When does Participation Begin?

If you are eligible and decide to participate in the Plan, your contribution to the account begins with the first pay period in January and ends December 31st. As a new employee you may enroll in the Dependent Care Plan within 30 days of hire during a current plan year. However, your contributions must equal your annual goal election amount. Your contributions will begin with the first pay period after your enrollment form is processed.

You may use the account for expenses incurred during the current plan year (Jan 1 through December 31st). You have until March 31st of the following plan year to submit claims and receipts for reimbursement of expenses that were incurred during the plan year.

Open Enrollment occurs annually and if you wish to participate, you must elect to participate in the Dependent Care Spending Account each year before the plan year begins.

Q. When does Participation End?

Your participation ends if:

- Your job classification changes to an ineligible category
- Your employment with the College ends for any reason
- The Plan is terminated.

Qualifying Individual

The expenses you incur are eligible only if they are for the care of a “qualifying individual,” which includes a child who is under age 13, whom you claim as a dependent on your income tax return or if you are divorced or separated, of whom you have custody. A disabled child (age 13 and over), parent, or spouse whom you claim as a dependent on your income tax returns, and who is incapable of self care. The dependent must spend at least eight hours a day in your home. (A family member who is confined to an institution for care would not qualify.)
Here is how the FSA works. You decide to have an amount of your choice (up to the maximum allowed by the IRS) to be deducted incrementally from your paycheck. These contributions to your flexible spending account are made before taxes are taken from your earnings. You then file claims against your FSA for reimbursement of eligible expenses you have incurred. It is the opportunity to pay for eligible dependent care expenses with earnings that have not been taxed that provides the great value of an FSA. You may be reimbursed for eligible expenses up to the annual goal you have elected to contribute.

After you have incurred an eligible expense, you may be reimbursed up to your contribution balance at the time of your reimbursement request. Claims submitted for expenses that exceed your current contribution balance will be partially paid and the unpaid balance will automatically pay out as additional contributions are applied to your account.

The following list represents expenses that are frequently submitted for reimbursement under a Dependent Care FSA. This list is not intended to be exhaustive and is intended only to be used as a general guide. Consequently, expenses contained in this generally eligible list may be denied if the supporting claims documentation is insufficient or shows that the expense was incurred for services not considered dependent care, such as educational expenses.

**After School Care** – For custodial care

**Agency Fee** – If expense must be paid to obtain related care. Expense cannot be reimbursed until actual care is provided.

**Application Fee** – see above

**Au Pair**

**Babysitter** – Will qualify for care of eligible individual unless babysitter is under 19 and the employee’s child, stepchild or foster child, a tax dependent of the employee or the spouse of an employee or a parent of the child.

**Before School Care** – For custodial care

**Day Camp** – Generally eligible even if the day camp specializes in specific activity such as basketball or computers.

**Dependent Day Care** – As long as establishment complies with state and/or local licensing requirements

**Deposit**

**Elder Care** – If expenses not attributable to medical care, individual is a tax dependent of the employee and spends at least 8 hours a day in the employee’s household.

**Nanny**
Preschool (Nursery School) – Eligible even if school furnishes other services such as meals or education

Registration Fee

Sick-Child Facility

Transportation Expenses

The IRS does not permit double dipping, meaning you cannot receive reimbursements through a Dependent Care FSA and claim the dependent care tax deduction on your tax returns. You must determine which plan provides you with better savings, the tax deductions or the FSA, and choose only one.

Unused Contribution Balances

Unused contribution balances for Dependent Care FSA accounts cannot be refunded or carried over to a subsequent plan year election. You must use your entire Dependent Care FSA election prior to the end of the plan year or you will forfeit the unused account balance. For this reason, you should be careful when determining your election amount and check your balance often to be sure you will spend your entire election amount.

Making Election Changes

Typically, you may enroll or make election changes during your benefits enrollment period. The IRS sets strict guidelines on how and when you may change your Dependent Care FSA elections during a plan year. Election changes can only be made if you experience a qualified life status event. These status changes include divorce, birth of a child, adoption of a child, change in provider, etc. In addition, the changes made to your Dependent Care FSA election must be directly related to the type of status change you have experienced. For example, a birth of a child would only allow you to increase your election while the death of an elder dependent would only allow you to decrease your election.

Retirement or Termination of Employment

Under IRS regulations, you may only submit claims for reimbursement of eligible expenses incurred prior to your retirement or termination date. You have thirty (30) days from your retirement or termination date to submit these claims. Expenses incurred after you leave your employer are not eligible for reimbursement and you will forfeit any unused account balance.
Providing Proof of Service Eligibility

IRS regulations require that each reimbursement request (claim) be supported by detailed purchase receipts or a Provider Certification. When submitting your claim, be sure to include a receipt that clearly shows the provider’s name, the type of service that was provided, the cost of the service and the beginning and end date for the period in which services were provided. You must report the Dependent Care Provider’s taxpayer identification number on your claim form. This is a requirement of the Federal Government. If receipts are not available, your Dependent Care Provider must sign the Provider Certification section on your claim form.

Plan Administrator

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