



Flexible Spending Accounts

FLEX Your Check

Get More Muscle from Your Pay

Oakland University

Flexible Spending Account

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

You may set up a health care account, a dependent care account, or both.

If you are currently enrolled in these benefits and wish to continue in 2011, you MUST complete an enrollment form.

Health Care Reimbursement Account

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$5,400 (including employer match) per year in your health care reimbursement account (HCRA). You can use this money to pay for a variety of eligible expenses, such as:

- Deductibles and co-pays (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 costs;
- See page 41 for a list of eligible expenses.

NEW - Due to Health Care Reform legislation, effective January 1, 2011, expenses incurred for medicines and drugs may be reimbursed by a flexible spending account plan ONLY if the medicine or drug 1) requires a prescription; 2) is available Over-the-Counter (OTC), and is accompanied by a prescription; or 3) is insulin.

Please review page 41 for further detail on this important change.

For those who participate, OU will provide a match to your annual flex contribution, as follows:

| Annual EE Contribution | Annual OU Match in HCRA |
|------------------------|-------------------------|
| \$100 to \$124 | \$100 |
| \$125 to \$174 | \$125 |
| \$175 or more | \$175 |

Flexible Spending Accounts *continued...*

Dependent Day Care Reimbursement Account

You may set aside any dollar amount from a minimum of \$64 to a maximum of \$5,000 per year in the dependent care reimbursement account. 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.

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).

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.

Using a FLEX plan can save you money

A FLEX plan (sometimes called a cafeteria plan or Section 125 plan) lets you deposit a certain amount from each paycheck into a Flexible Spending Account—before paying income taxes. During the year, you can use this account to reimburse yourself for health- and/or dependent day care expenses that are not covered in full by insurance.

When you pay for eligible expenses with tax-free income, it's like getting a big discount on those expenses. That allows you to put more money in your pocket.

Signing Up for a FLEX Plan is Easy

You can set up a FLEX account for health-care expenses, or dependent day care expenses, or both by filling out a simple Enrollment Form.

Each pay period after that, the amount you specified will be put into a personal FLEX account for you to use in paying for health and/or dependent day care expenses not covered by insurance.

Flexible Spending Accounts *continued...*

Figuring Your FLEX Amount

Before you fill out the form setting up your FLEX account, you should estimate how much you will spend on eligible expenses during a 12-month period. Use the "Eligible Expense Worksheet" below to help calculate your health-care and dependent-care expenses.

You should estimate your reimbursement account expenses as accurately as possible, staying on the conservative side, because the Internal Revenue Service requires you to forfeit any deposits 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 \$5,400 (including employer contribution). The maximum you and your spouse can contribute to a dependent care account is \$5,000.

Using Your Health Care Reimbursement Plan

To receive payment for an eligible health- or dependent day care expense, simply fill out a Reimbursement Request Form and submit it with your itemized receipt. That's all there is to it.

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 FLEX contributions you specified for the year. You will be reimbursed for expenses up to the amount contributed to your Dependent Day 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 FLEX is Easy, Too

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.

| | |
|---|----------|
| Medical Expenses | |
| · Deductibles | \$ _____ |
| · Office Visits, Service Fees | \$ _____ |
| · Co-payments | \$ _____ |
| Dental Co-payments \$ _____ | |
| Orthodontic Co-payments \$ _____ | |
| Vision Expenses \$ _____ | |
| Hearing Expenses \$ _____ | |
| Total Health Care Expenses \$ _____ | |
| Dependent Day Care Expenses | |
| · Child Day Care | \$ _____ |
| · Adult Day Care | \$ _____ |
| Total Dependent Care 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 | |

Flexible Spending Accounts *continued...*

Special Rules

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

- Any leftover money at year-end cannot be returned to you. This means you must plan carefully before deciding to contribute money to either account. Use the worksheets in this workbook to help you plan properly.
- Each account is completely separate. You may not transfer money from one account to another. In addition, you may not use your health care account 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.
- You may receive your full reimbursement amount for eligible health care expenses at any time during the year.
- Dependent day care reimbursement is based on the amount in your account when you submit your claim.
- You have a three-month grace period after the end of each plan year to submit health care reimbursement account claims. For instance, if you go to the dentist on December 31, you have until the following March 31 to turn in a health care reimbursement account claim. This same three-month grace period applies if you terminate your plan during the year.
- Dependent day care reimbursement account claims must be submitted within 30 days after the end of the plan year. This same 30 day period applies if you terminate your plan during the year.
- In order to be eligible for the dependent care spending account, you and your spouse must work or your spouse must be a full-time student.

FLEX Spending Account Eligible Expenses / OTC Guidelines

Examples of Costs your Healthcare FSA may cover

| | |
|--|-----------------------------------|
| Copays, deductibles and out-of-pocket costs | Acupuncture as a treatment |
| Certain alcoholism and drug addiction treatment costs | Artificial teeth or dentures |
| Guide dogs for sight or hearing impaired persons | Car controls for disabled drivers |
| Braille books for visually impaired | Hypnosis to treat illness |
| Learning disability / tuition therapy | Certain medical transportation |
| Psychological or psychiatric care | Nursing home expenses |
| Certain residential improvements to accommodate the disabled | |
| Eye examinations, contact lenses (including cleaning and maintenance supplies), eyeglasses | |

IMPORTANT! Reimbursement for certain services listed above is subject to specific requirements. Call Meritain toll free at 1-800-748-0003 for a copy of all eligible expenses under flex spending.

Guidelines for over-the-counter (OTC) medications and supplies after 1/1/11

Beginning January 1, 2011, OTC medications and drugs will no longer be eligible for reimbursement through your Flex plan, without a doctor's prescription. Starting January 1, 2011, you must first obtain a prescription for any OTC medication or drug in order to obtain reimbursement from your flex plan.

The OTC items affected include, but are not limited to, items in the following categories:

| | | |
|---------------------------|------------------------------|--------------------------|
| Acid controllers | Antiparasitic treatments | Laxatives |
| Allergy and Sinus | Baby rash ointments / creams | Motion sickness |
| Antibiotic products | Cold sore remedies | Pain relief |
| Anti-diarrheals | Cough, cold and flu | Respiratory treatments |
| Anti-gas | Digestive aids | Sleep aids and sedatives |
| Anti-itch and insect bite | Hemorrhoidal preps | Stomach remedies |

Allowable with a Letter of Necessity

| |
|------------------------------------|
| Glucosamine / chondroitin products |
| Medicated Shampoos |
| Vitamins, Minerals, Supplements |

Excluded

| | | |
|--------------------------|------------|----------------------------------|
| Chapstick | Cosmetics | Feminine Hygiene Products |
| Teeth Bleaching Products | Toiletries | Multivitamins for General Health |