

Workable ... Solutions Participant Guide Careflex FSA



What You Need to Know About CareFlex FSA *Flexible Spending Account (FSA)*

CareFlex FSA is a dependent care flexible spending account. If you have dependents that need supervised care, such as childcare, nursery school, before/after school care or even eldercare, then you should consider taking advantage of CareFlex FSA.

CareFlex is a flexible spending account that you can contribute to over a plan year. The money is deducted from your paycheck before taxes are taken out, so like the other plans—it is considered “tax advantaged” which saves you quite a bit of money if you use dependent care. So save money while send the kids to day camp this summer... just don't forget to pack the bug spray.

The Five Keys to Understanding Your CareFlex FSA Account



1. Your plan benefits are provided to you tax-free, so the IRS requires you to document how the money is spent.
2. You can only spend CareFlex funds up to your current available balance.
3. Provider payments may only be paid through CareFlex once services have been provided, so you will need to make your first payment out-of-pocket and file for reimbursement.
4. Get in the habit of saving your receipts. We may need to ask you for them.
5. CareFlex can only reimburse you for work-related day care, including day camps, but not overnight camps.

First things first

This benefit allows participants to pay for qualified CareFlex FSA dependent care expenses using money that is not taxed. The dependent care expense must be for the purpose of allowing a parent to work and is limited to \$5000 annually (\$2500 if married, filing separately) or the annual income of the lowest paid parent. You pay the provider using the DirectPay Benefits Card or pay them by cash or check and file for reimbursement using our convenient online (or paper) claim forms.

Which dependents qualify?

- Dependent children who are under age 13 and mentally or physically handicapped dependents of any age
- Elderly dependents

What expenses are covered?

- Day care
- Nursery school
- Before and after school care
- Eldercare

What expenses are NOT covered?

- Expenses over the annual cap
- Expenses paid to a non-qualified provider
- Expenses for overnight camps

How does the plan work?

- Before the plan year begins, you'll decide how much you want to contribute to the account, up to the \$5,000 annual maximum. \$2,500 if married, but file separate tax returns.
- Contributions may not exceed the taxable compensation of the lowest paid working spouse. A spouse that is mentally or physically impaired or a full-time student shall be deemed to have an earned income of \$250 per month (for one eligible dependent) or \$500 per month (for two or more eligible dependents).
- Contributions will be automatically deducted from your paycheck on a pre-tax basis.
- You may pay the provider using the DirectPay Benefits Card (see restrictions below), or pay with personal funds and file a request for reimbursement. Reimbursements may be filed either online, for faster service, or by paper form.

Reimbursement Rules

The IRS requires that payments from your CareFlex FSA account must occur AFTER the service has been provided. No advance payments are allowed.

If your daycare provider requires that you pay in advance, make the first payment during your CareFlex FSA plan year out-of-pocket. You may not like this requirement, but it's really not so bad. Your total annual daycare costs will likely be in excess of the \$5,000 maximum anyway, so you'll have to pay out-of-pocket sometime during the year. And, since you can only use your CareFlex FSA account up to the current balance, it will take a couple of payroll periods to build up enough money to make a payment.

Follow the Guidelines:

- Pay out-of-pocket the first time, then send us the receipts and we'll reimburse you. If it will be a recurring claim (for maintenance medications, etc.) please let us know.
- Subsequent periods may be charged to your Card. If they are for the same amount, for the same dependent, to the same provider, no additional substantiation is required.
- Funds are available only as money is contributed.
- You cannot transfer money between your health and dependent care accounts.
- Only expenses actually incurred during the plan year qualify for reimbursement. Incurred means the dates the daycare services were actually provided, not when you were billed or paid for services.