

IRS Section 125 Flexible Benefits Plan

Common Questions

Q. What is a Plan Year?

A. The plan year is 12 consecutive months beginning January 1 of the year.

Q. When must I incur expenses eligible for reimbursement?

A. Eligible Health Care Reimbursement and Dependent Care Reimbursement Requests for expenses *incurred* during the current plan year plus three months of the following , may be submitted for reimbursement from contributions made during the current plan year. That is, you have 15 months of expenses that may be claimed against the 12 months of contributions. This enhancement has been added to reduce employees forfeiting funds.

Q. I am a new employee. Am I eligible to submit for reimbursement for the full plan year?

A. No. As a new employee, you are eligible from your date of enrollment or date of hire. For example, if you are hired July 1 and enroll in the Medical Flexible Spending account, you are eligible for reimbursement for expenses incurred from July 1 through the end of the plan year.

Q. Can I enroll in the plan at any time during the year?

A. Only if there is a change in your family status, such as marriage, divorce, birth/adoption of a child, death, or termination of you spouse's employment.

Q. If I don't use all the money in my dependent care account, can I transfer that to my medical account and use it?

A. No. These accounts are separate and not interchangeable.

Q. Can I claim dependent care expenses under my tax return and the Dependent Care Reimbursement Account?

A. Yes. As long as the amount of expenses eligible for the dependent care tax credit is reduced by the amount you allocated to your Dependent Care reimbursement account under the Flexible Benefits Plan.

Q. If I incur all of my expenses in the first month of the plan year, can I be reimbursed even though there's only a small portion in my account?

A. Yes. Under the Unreimbursed Medical Expense provision, the Uniformity of Benefits clause states that the total amount of the claim or the pledge contribution (whichever is less) be available for reimbursement at all times throughout the plan year. *Dependent care reimbursements are available only to the extent accrued.*

Q. My Spouse's employer also offers a Flexible Benefits Plan. Can I submit expenses to both plans?

A. No. You may not submit the same expenses to both plans. However, your spouse may have all dependent care expenses deducted from his/her paycheck while you allocate money for the medical account. You may both choose the premium conversion option from your respective employers.

Q. If I terminate my employment, what happens to the money remaining in my account?

A. All payroll deductions will stop on your date of termination. Any monies remaining in your account are reimbursable for the expenses incurred from the beginning of the plan year to your termination date. Claims for this period of time may be submitted through the plan deadline. Any funds remaining in your account(s) at the end of the plan year are forfeited to your employer.

Q. If I terminate my employment, what happens if I have outstanding claims that have not been substantiated?

A. Employees who are separating employment will have 90 days from their termination date, to substantiate any outstanding claims. After that, any unsubstantiated amounts would be added to the employee's taxable wages on their W-2 for the calendar year.

Q. What is the deadline for submitting a medical and/or dependent care claim for reimbursement?

A. Eligible Health Care Reimbursement and Dependent Care Reimbursement Requests must be for expenses *incurred* during the current plan year plus the grace period of January 1 through March 15 of the subsequent year. Requests for expenses *incurred* during this time period may be submitted through June 15. *On June 15, any unused balanced in these Accounts for which a proper and complete request has not been received will be forfeited.*