

Flexible Spending Account Program

Open Enrollment

To be effective January 1, 2008

The Flexible Spending Account Program allows you to pay for certain expenses on a pre-tax basis. That means that your money goes farther. For example, if you put aside \$5,000 for day care expenses in a Dependent Care account, you get to spend the whole \$5,000 on day care. If you take the \$5,000 in pay, you will only have \$3,500 left after taxes to spend on day care! For most people whose adjusted gross income is greater than \$25,000, this program is a better deal than the federal dependent care tax credit – consult a tax professional for an assessment of your personal situation. The FSA program can also help offset the cost of out-of-pocket health care expenses such as copayments, deductibles, coinsurance, and over-the-counter medications.

This Q & A document will provide you with information about all of the elements of the Flexible Spending Account Program, and how to sign up.

What is new this year?

- The University is pleased to announce Chard Snyder as our new administrator for your Flexible Spending Account program. With this change, there are numerous new features available including:
 - A pre-paid benefits debit card that will provide you an easy, automatic way to pay for qualified health care/benefit expenses. The pre-paid card lets you electronically access the pre-tax amounts set aside in your accounts. For more information, visit <http://www.hrs.virginia.edu/forms/oe/fsabencardfaq.pdf>
 - Full array of web services including on-line enrollment, claims submission, account balances, and claims history and detail.
 - Tri-weekly reimbursement of approved paper claims (Monday, Wednesday & Friday).
 - Non debit card transactions (paper claims) must be direct deposited into your bank account.
 - To learn more about Chard Snyder and your Flexible Sending Account program, you can watch a short 3 minute video at www.chard-snyder.com/video

What is the FSA Program?

- ***Part One:***
 - allows your payroll deducted health insurance premium to be deducted on a “pre-tax” basis; and
 - is automatic when you enroll in your health plan (“Premium Conversion”) unless you indicate otherwise on your health care application.

- ***Part Two:***
 - allows you to establish a Dependent Care Flexible Spending Account to pay for dependent/child care on a “pre-tax” basis; and
 - allows you to establish a Health Care Flexible Spending Account to pay for out-of-pocket health costs such as co-pays and health plan deductibles on a “pre-tax” basis.

You can enroll in a single account for dependent/child care, a single account for health care, or two accounts where one would be used for dependent/child care and the other for health care expenses.



How does the FSA Program work?

- You decide how much you wish to set aside from your pay before taxes for the coming year to be used exclusively for dependent/child care and/or health care expenses. A list of approved expenses is available to help you make this decision at <http://www.hrs.virginia.edu/forms/oe/fsaeligibleexpenses.pdf>. A calculator designed to assist you in estimating how much your FSA plan will save you on your taxes is available at http://www.chard-snyder.com/tax_calculator1.asp. A worksheet at <http://www.hrs.virginia.edu/forms/oe/fsaexpensesworksheet.pdf> is also available to help you determine the appropriate contribution amount to your FSA accounts.
- The administrative fees will remain the same in 2008. Fees are deducted from your paycheck in addition to your elected deduction amount. The administrative fees are \$2.75/month for one or two accounts.

Who is eligible to enroll in the FSA Program?

- Eligible individuals are salaried employees who work at least 20 hours per week.
- An eligible dependent is any person considered a dependent under Section 152 of the Internal Revenue Code.
- Individuals are eligible to open a Dependent Care Flexible Spending Account upon hire; the application must be received within 60 days of the hire date and is effective the first of the month following the hire date.
- Individuals are eligible to open a Health Care Flexible Spending Account upon hire; the application must be received within 60 days of the hire date and is effective the first of the month following the hire date. **There is no longer a one year waiting period for the Health Care Flexible Spending Account.** Employees can now enroll even if they have not been employed one full year.

How do I enroll in the FSA Program?

You can now enroll on-line or by submitting an enrollment application to the Office of Employee Benefits.

To enroll on-line:

Chard Snyder is pleased to offer full online account services for your Flexible Spending Account. In order to access your account online, please visit <https://www.repayme.com/admin/default.asp?cn=CHARD>

- **Login ID:** Enter your nine-digit Social Security Number
- **Password:** Enter the last four digits of your SSN (or password if you have logged in before)
- **Login Method:** Select "Social Security Number"

You will be asked to change your password upon entering the system for the first time. If this is your first time logging in, your current password will be the last four digits of your Social Security Number. Please be sure to record the password you create for future reference. Please be sure to enter your email address so that if you forget or lose your password, it can be emailed to you. There will also be a security question that you will establish when you enter the system for the first time. Please use something that you will remember in the event that you forget or lose your new password. **Once you have changed your password, click on "Change Password" to go to the next screen.**

Once you have entered the system successfully, you will be on your home page. To access an area within the site, click on any of the menu options at the top of your screen. You are now ready to enroll online! **Just follow the instructions on your screen to make your elections.** If you need assistance

enrolling, call Chard Snyder toll-free at 1-800-982-7715 or email them at enroll@chard-snyder.com. Their staff will be glad to assist you.

To enroll with an election form:

- Applications for the FSA Program are available via the Internet at <http://www.hrs.virginia.edu/forms/oe/fsaenrollment.pdf>. You can complete and return the application to participate in the 2008 Plan Year.
- You may also obtain an application from the UVA Office of Employee Benefits by e-mail at openenrollment@virginia.edu, by telephone at (434) 924-4392, or by fax at (434) 924-4486. Include your name, address, and social security number on email requests.
- Verify your annual enrollment elections for the Healthcare and/or Dependent Care FSA.
- Direct deposit is mandatory for claims used outside of the debit card.
- Send the completed application to: UVA Benefits Division, 914 Emmet Street, P.O. Box 400127, Charlottesville, VA 22904-4127. You can also fax your completed form to (434) 924-4486. ***The application must be received at the UVA Office of Employee Benefits by 5 p.m., Monday, November 26, 2007.***

If I am currently enrolled in the FSA Program, do I have to submit an application?

Yes. You must either submit a new application or enroll on-line. Current elections are only effective during the 2007 calendar year. Keep in mind that this includes up to a 2 ½ month period after the end of the plan year that extends the time during which expenses incurred for qualified benefits may be paid or reimbursed from any unused contributions remaining in your FSA account on 12/31/07. If you are enrolled in the FSA Program on the last day of the plan year, 12/31/07, you may request reimbursement for eligible claims incurred through 3/15/08. **All claims and reimbursements for expenses incurred during the 2007 plan year (or expenses incurred during the grace period that you would like applied against your 2007 balance) still need to be processed by FlexAmerica.** All 2008 claims and reimbursements will be processed by Chard Snyder.

How much can I contribute to an FSA account?

- The minimum annual contribution is \$240 per account for either type of account.
- The maximum annual contribution for the dependent/child care account is \$2500 if your tax status is married filing separately and \$5000 if you are single or married filing jointly.
- The maximum annual contribution for the health care account is \$5000.

How can I determine how much I spent in health copayments in CY2007 to help me estimate what I might spend in CY2008?

- If you are enrolled in the UVa Health Plan, you can look up your claim history on the claims administrator's website. Go to www.southernhealth.com, choose "Members", and login. Choose "View Medical Claims" and click on the specific claim number. The member copayment amount applied to each service will be itemized. Determine what the copayment or coinsurance will be in CY2008 based on the health program you select and add that to your health expenses. (Note: Coinsurance will be based on the "Approved Amount" not the "Billed Amount.") A calculator that can assist you in estimating your uninsured medical expenses, as well as give you an idea of the tax savings you might realize by participating in a Health Care FSA, is available at http://www.chard-snyder.com/tax_calculator1.asp

What happens if I don't use all the money I set aside in pre-tax deductions?

- The FSA Program is a "use-or-lose" program. If you are an active employee on 12/31/08, you forfeit any money in your account(s) that is not spent on claims incurred by 3/15/09 and

filed by April 30, 2009. A period of 2 ½ months after the end of the plan year (12/31/08) is available during which expenses incurred for qualified benefits may be paid or reimbursed from any unused contributions remaining on 12/31/08.

- If you terminate employment in 2008, the Health Care FSA funds must be used prior to your benefit termination date; the Dependent FSA funds must be used prior to the end of the calendar year in which you terminate employment. However, you have until April 30, 2009 to file claims.
- Once you sign up, you can't change your mind for the rest of the calendar year unless you experience one of the family status changes described below.

How do I get reimbursements from my account?

- Paper claims are paid on **Monday, Wednesday and Friday**.
- For a paper claim to be reimbursed on Monday, the claim must be received no later than 4 pm, Thursday; Wednesday reimbursements must be received by 4 pm, Monday; Friday reimbursements must be received by 4 pm, Wednesday. Direct deposit payments will generally be available two business days after the reimbursement date. Check with your financial institution before withdrawing funds.
- Eligible expenses must be incurred during the plan year stated above or during the period of the plan year that you are actively participating. An expense is incurred when the service is provided, not when the expense is billed or paid.
- Approved paper claims must be direct deposited into your bank account.
- Debit Card transactions will be reimbursed at point of purchase. Keep all your receipts for seven years. If approved at point of purchase, a paper claim is not required. However, substantiation may be requested by letter asking for documentation.

When will my pre-tax money be available to reimburse me for expenses?

- If you enroll on-line, pre-tax money for the Health Care Flexible Spending Account will be available immediately after January 1, 2008. Regardless of how you enroll, funds for Dependent Care Flexible Spending Account are available only after the money has been deducted from your paycheck and you have incurred the dependent care expenses you are claiming.
- If you enroll with an application form, pre-tax money deducted from your paycheck will be available for reimbursement **after the first FSA payroll deduction for the 2008 Plan Year**. Reimbursements for Medical Center employees will be available on January 18, 2008. University employees paid once a month will have reimbursements available on February 1, 2008; those paid twice a month will be able to request reimbursements on January 16, 2008.

How long do I have to file for reimbursement?

- You have until April 30, 2009, to submit expenses that you incurred during the plan year.
- If you terminate participation during the plan year, you have until April 30, 2009, to submit health care expenses incurred prior to your benefit termination date.
- If you terminate participation during the plan year, you have until April 30, 2009 to submit dependent care expenses incurred during the plan year for reimbursement against the coverage you have accrued at the time of termination. Your accrued coverage at termination is equal to your contributions to the plan for the plan year less prior reimbursements as of that date.



How can I learn specific account information once I enroll in an FSA?

- Call Chard Snyder at (800) 982-7715 or access your account on their website at www.chard-snyder.com. You can also email them at flex@chard-snyder.com.

What are the family status changes that allow me to make changes to my Flexible Spending Account during the calendar year?

- If one of the following events occurs during the plan year, you may be allowed to change (enroll, terminate, increase or decrease) your current election in your Health Care or Dependent Care FSA. The change must, however, be a result of one of these events and **must be consistent** with the status change:
 - Legal Marital Status – marriage, death of spouse, divorce
 - Number of Dependents – birth, adoption, death of dependent
 - Employment Status - termination or commencement of employment by employee, spouse or dependent
 - Work Schedule – reduction or increase in hours, switch between part-time and full-time
 - Leave from Work – the employee’s or spouse’s taking of an unpaid leave of absence or returning from an unpaid leave of absence
 - Unmarried Dependent Status – dependent no longer qualifies because of age
 - Cost and/or Coverage Changes – significant change in coverage or costs, change in day care provider

When does my account terminate?

Your Flexible Spending Account will terminate on the earliest of the following dates:

- the end of the plan year -- December 31, 2008;
- the last day of the month in which you submit a form to terminate your account due to a change in status;
- the last day of the month in which you terminate employment or otherwise cease to be eligible to participate;
- the date required contributions are discontinued while on COBRA or unpaid leave of absence; or
- the date the plan is terminated.

Other important program features . . .

- Chard Snyder manages the Flexible Spending Account Program for UVA. Chard Snyder’s responsibility is to make sure claims comply with IRS rules and to process your reimbursement requests.
- Account administrative fees are deducted from your paycheck in addition to your elected deduction amount. The administrative fees are \$2.75/month for one or two accounts.
- Your full, elected amount for the Health Care Account is available for reimbursement **after the first payroll deduction for the plan year if you submit an enrollment application; immediately after January 1, 2008 if you enroll on-line.**
- Reimbursements from the Dependent Care Account can only be paid as money is accrued in your account from payroll deductions.
- The Health Care Account and the Dependent Care Account are separate accounts. Funds cannot be transferred from one account to the other.

REMEMBER: THE DEADLINE TO SIGN UP IS THE CLOSE OF OPEN ENROLLMENT – 5 P.M., MONDAY, NOVEMBER 26, 2007. ALL FORMS MUST BE RECEIVED BY THE UHR OFFICE OF EMPLOYEE BENEFITS BY THE DEADLINE FOR YOUR ELECTION TO BE VALID.

