

FLEXIBLE SPENDING ACCOUNT ENROLLMENT GUIDE



What is a Flexible Spending Account?

A health Flexible Spending Account (FSA) allows individuals to use pre-tax dollars to pay for medical expenses not covered by insurance.

A dependent care FSA, also known as a Dependent Care Assistance Plan (DCAP) allows individuals to use pre-tax dollars for day care or dependent care expenses. The dependent care FSA (DCAP) cannot be used to pay for medical expenses.

Individuals elect to contribute a portion of their paychecks to either a health FSA or dependent care FSA and save 25% to 40% in taxes.

Know the Rules:

Rules for both the Health FSA and Dependent Care FSA:

- Contributions are subject to the IRS "use-it-or-lose-it" rule. However, for the health FSA, the employer may adopt a provision allowing up to a \$500 carry over of unclaimed monies. Unclaimed monies not carried over are forfeited at the end of the plan year.
- Elections cannot be changed during the plan year, unless the participant has a change of status. IRS Regulations define a change of status.
- Expenses must be incurred by a participant, spouse or eligible dependents during the current plan year and while participating. Expenses are incurred when the medical care is provided and not when the expense is billed, the bill is due or when the bill is paid.
- Every employer sets the deadline when claims and documentation must be submitted after the end of the plan year. It is usually 60 or 90 days after the end of the plan year.

Health (medical) FSA

- Participants may claim and be paid out their entire annual election at any time.
- Every expense must be substantiated. Participants must be able to provide receipts, statements or bills for all expenses if substantiation is requested. Documents must include the date, amount and description of the expense or service.
- Only eligible expenses can be reimbursed. Medical

expenses are defined by IRS rules. Expenses generally include items and services for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body. See IRS Publication 502.

- Only "out-of-pocket" medical expenses are eligible for reimbursement. Medical expenses covered by insurance or any other plan or program are not eligible for reimbursement.
- Expenses for general health, personal use or cosmetic surgery are not eligible for reimbursement. See IRS Publication 502.
- Medical expenses reimbursed under the health (medical) FSA may not be used to claim a federal income tax deduction.

Limited Health (dental & vision) FSA

- Employees contributing to a HSA may only participate in a "limited" health FSA not a "general" health FSA. A limited health FSA can only be used to pay for "out of pocket" dental and vision expenses.

Dependent Care FSA

- Participants may only be paid what they have contributed at any point in time.
- Participants must be ready to provide receipts for dependent care expenses.
- Dependent care expenses reimbursed by the dependent care FSA may not be used to claim the day care credit.



Tax Savings Examples:



Dave, a single taxpayer, earns \$27,000 per year, and has eligible medical expenses of \$1,200 per year.

Dave's annual savings realized by participating in the FSA is **\$327**.

Michael and Sharon, working parents, earn a total of \$48,000 per year. They have \$5,000 in child care expenses and \$1,000 per year in eligible medical expenses.

Their annual savings realized by participating in the FSA is **\$1,637**.

Assumptions are based off of 15% Federal, 4.63% State, and 7.65% FICA tax

ELIGIBLE EXPENSES

The term "medical care" means diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.

Common Eligible Medical Expenses:

- Acupuncture
- Ambulance
- Bandages
- Birth control pills
- Breast pumps
- Chiropractor
- Coinsurance, deductibles
- Contact lenses
- Crutches, splints, casts
- Dental treatment
- Diagnostic devices
- Eyeglasses, eye exams, sunglasses (prescription)
- Eye surgery
- Fertility enhancement
- HMO expenses
- Hearing aids, batteries, and exams
- Hospital services
- Immunizations, vaccines, flu shots
- Laboratory fees
- LASIK eye surgery
- Medicines (prescribed)
- Obstetric services
- Optometrist
- Orthodontia
- Prescription drugs
- Psychiatric care
- Psychologist
- Speech therapy
- Stop smoking programs
- Surgery/operations
- Therapy
- Vasectomy
- Wheelchair
- X-rays

Over-The-Counter Items:

- Band-aids/bandages
- Cold/hot packs for injuries
- Condoms
- Contact lens solutions
- Diabetic supplies
- First aid kits
- Medical alert bracelets/necklaces
- Pregnancy test kits
- Thermometers

Health Care Reform & Over-the-Counter DRUGS:

Over-the-Counter Medicine and Drugs require a **Prescription** to be eligible for reimbursement under the plan.

- Allergy medications
- Antacids
- Anti-diarrhea medicine
- Bug-bite medication
- Cold medicine
- Cough drops and throat lozenges
- Diaper rash ointments
- Hemorrhoid medication
- Incontinence supplies
- Laxatives
- Muscle/joint pain products/rubs
- Nicotine medications, gum, patches
- Pain relievers
- Sinus medications, nasal sprays, nasal strips
- Sleep aids
- Wart removal medication

Dual Purpose Expenses That Potentially Qualify:

The expense must be for a specific medical reason and be accompanied by a **Prescription**.

- Massage therapy
- Vitamins
- Supplements
- Herbal supplements
- Natural medicines
- Aromatherapy
- Weight-loss program
- Health club dues

Ineligible Expenses:

- Cosmetic surgery
- Long term care
- Feminine care
- Hair transplant/re-growth
- Maternity clothes
- Nutritional supplements
- Personal use items: such as toiletries, cotton swabs, tooth brush, tooth paste, facial care, shampoo
- Teeth whitening
- Drunk driving classes



These are only examples and this list is not all-inclusive - it only provides some of the more common expenses. Additional information is available in IRS Publication 502 and on our website:

<https://www.rockymountainreserve.com>

Dependent Care Eligible Expenses:



- A dependent receiving care must be a child under the age of 13, or a tax dependent unable to provide for their own care, who resides with you. The care must be necessary for you or your spouse to be gainfully employed or to go to school. Care may be provided by anyone other than your spouse or your children under the age of 19. Expenses for schooling, kindergarten, over-night care, and nursing homes are not reimbursable. **See IRS Publication 503.**
- The maximum you can elect, in a calendar year, is equal to the smallest of the following:
 - \$5,000 – Married and filing federal taxes jointly or a single parent
 - \$2,500 – Married and filing separate federal tax return
- The amount contributed year-to-date, is available for reimbursement.

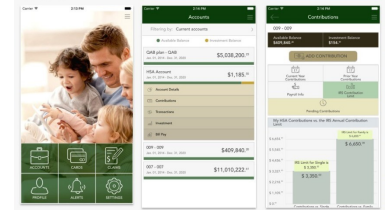
ACCESS TO YOUR FSA MONEY



Mobile Application

Take a picture of your receipt and submit it with your reimbursement request through the mobile application. You can also look up your account balance and recent transactions. To download the mobile application:

Search for "RMR Benefits"



Claim Submission

Participants may file requests for reimbursement directly to Rocky Mountain Reserve through fax, mail, e-mail, mobile application or by uploading them directly through the participant website. Disbursements are issued by **check** or **direct deposit**. Claim Forms and Direct Deposit Authorization Forms are online at <https://www.rockymountainreserve.com>.

Fax: 866.557.0109

E-mail: claims@rmrbenefits.com

Mail: PO Box 631458 Littleton, CO 80163

Benefits of Using the Debit Card

- Easy to use- the Benefits Card is a stored value card that simplifies the process of paying for qualified expenses.
- Restricted by merchant code (MCC) to healthcare related merchants where MasterCard is accepted.
- It pays directly at the point of sale - No waiting for reimbursement!
- You can use it to pay for online mail-order prescriptions.
- **You must save all receipts and be prepared to provide receipts if they are requested.**

No Receipt Retailers

Some retailers have installed an inventory information approval system and for most medical expenses receipts will not be requested.

Please note: Under current law the debit card cannot be used to pay for over-the-counter drugs. Below is a sample of some of the retailers who have installed the inventory information approval system:

1-800 Contacts
Albertsons
City Market
Costco

CVS
Drugstore.com
King Soopers
Kroger

Rite Aid
Safeway
Sam's Club
Target

Walgreens
Walmart
VisionDirect.com



Save All Receipts For Purchases Made With The Benefit Card

Please remember to keep receipts for all purchases made with the Benefit Card. Per IRS regulations, Rocky Mountain Reserve may request itemized receipts to verify the eligibility of purchases made with the card.



- All receipts or other proofs of purchase must include the date of service, name of provider, dollar amount, and a description of the purchased service or product.
- Any receipt that does not contain the detailed information described above is not acceptable. Credit card receipts and cancelled checks are not acceptable.
- If the requested receipt is lost or otherwise unavailable, most providers can provide a detailed statement documenting FSA eligible purchases. Explanation of Benefits (EOB's) are sufficient documentation to substantiate a transaction.
- Additional documentation will be requested UNLESS the transaction matches a co-payment, a previously approved repetitive expense, or was at a merchant that has installed the inventory information approval system referenced above.
- If a receipt is requested, Rocky Mountain Reserve will email a request within hours. Participants can mail, fax, email, upload the receipt online, or take a picture and submit it through the mobile app.

ONLINE ACCESS



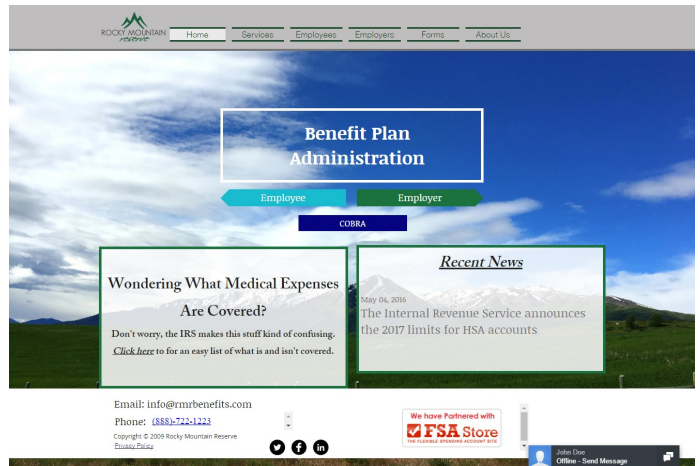
<https://www.rockymountainreserve.com>

Online Access Includes:

- View balance.
- View transaction history.
- Download statements.
- Submit claims and upload receipts.
- View debit card receipt requests and upload receipts.

To Create Your Online Account:

1. Go to <https://www.rockymountainreserve.com>
2. Click on: Employee.
3. Click on: FSA/HRA.
4. Click on: Create Account.
5. Follow the Instructions.
6. Username will be the name you use to login for the web portal and mobile application.
7. The password must contain 3 of 4 requirements: Upper case letter, lower case letter, special character, or number.
8. For Employee ID Use SS# or other assigned Employee ID.
9. For Registration ID select "Card Number" which is your "Benefits Card" MasterCard. If you do not have a MasterCard your Employer will be assigned an Employer ID for all employees.



MOBILE APPLICATION
GAIN REAL-TIME ACCESS TO YOUR

FLEXIBLE SPENDING ACCOUNT (FSA)
HEALTH REIMBURSEMENT ARRANGEMENT (HRA)
HEALTH SAVINGS ACCOUNT (HSA)

SEARCH FOR:

"RMR BENEFITS"



For questions or problems logging into your account, please call our help center at: 888.722.1223.