TO: Benefits-Eligible Employees

FR: Jack Burke, Benefits Director

RE: FLEXIBLE SPENDING ACCOUNT PLAN – Enrollment for 2015

The Open Enrollment period for the Flexible Spending Account (FSA) plan for calendar year 2015 is now through December 5, 2014. The plan consists of a Medical/Dental Account and a Dependent Care Account.

Flexible Spending Accounts allow you to save taxes on the money you spend for certain uncovered medical/dental and/or dependent care (e.g., child care) expenses. You set aside money through payroll deductions throughout the year to pay for predictable expenses, and the amounts are deducted from your pay before federal, state and Social Security taxes are withheld. Because you pay no taxes on your FSA deposits, you effectively have more money to spend during the year. In most cases, the only time you can join the FSA for 2015 is during this Open Enrollment period.

**PLAN HIGHLIGHTS**

- **Medical/Dental Account** – Can be used to pay for eligible medical and dental expenses not covered by an insurance plan. Some expenses eligible for reimbursement are: deductibles and copayments under health insurance and dental plans; orthodontic care; chiropractic care; prescription eyeglasses and contact lenses. Expenses solely for cosmetic reasons or for the maintenance of general health, and over-the-counter medications not accompanied by a prescription, are not eligible expenses for medical care. Some ineligible expenses are teeth bleaching, rogaine, and vitamins (unless prescribed), as well as, insurance premiums for medical, dental and Long-Term Care coverage. The maximum contribution is $2,500 per year; the minimum is $100 per year.

- **Dependent Care Account** – Is used to pay for certain dependent care expenses (child care, after school programs, summer camps) incurred because you (and your spouse, if married) are employed. Eligible expenses include costs for the care of dependent children age 12 and under or for elderly or disabled family members who are incapable of self-care and are dependent on you for financial support. This account is not for medical expenses for dependents. The maximum contribution is $5,000 per year and may be less in certain cases (e.g., the limit is $2,500 if you are married filing separately).

- **Deductions** – You decide the amount you want to contribute to either or both accounts for the year, and that amount is deducted from your paychecks in equal increments during the year. You may not change or stop your deductions during the year unless your family status
changes (due to marriage or birth of a child, for example), and the action must be consistent with the status change. You cannot switch funds between accounts.

- **Reimbursements** – You submit claims and supporting documentation for expenses incurred during a plan year for payment from the appropriate account. Claims are submitted to *Crosby Benefit Systems*, the third-party administrator, and reimbursements are paid to you directly. [However, see comments below about the “Debit Card” for Health Care expenses and the “Pay the Provider” option.]

- **“Debit Card” for Health Care Expenses** – Participants in the Medical Care FSA will receive the *Crosby Benefits* “Flex Debit Card.” It can be used to pay for eligible health care expenses at pharmacies, medical providers, and certain large grocery and department stores. The cost of eligible purchases made with the card is automatically deducted (‘debited’) from your FSA Medical Care Account. [If needed, a second card may be obtained from *Crosby* at no charge.]

The Debit Card should only be used for eligible health care expenses you incur while covered under the plan. Keep receipts when you use the card. *In some cases, including all dental and vision care expenses, you will still need to file documentation with Crosby* so they can verify that the expenses meet IRS FSA guidelines. *Crosby* will notify you if verification is needed. You will be required to reimburse your account for any use of the card for ineligible expenses.

Remember: The **Debit Card cannot be used to purchase over-the-counter medicines and drugs unless they are prescribed by a physician.** To be reimbursed for over-the-counter medicines, you will have to submit your request form along with a doctor’s prescription and supporting receipts directly to *Crosby Benefits*.

- **“Pay the Provider” Option** – At times you can instruct *Crosby* to pay your provider directly from your FSA account. This feature is particularly useful for Dependent Care expenses. (The amount must be in your account in order for the payment to be made.) You can use a paper form to submit “Pay the Provider” instructions, along with documentation of the service performed, or you can submit online instructions. A customized Boston College form is available at [www.crosbybenefits.com](http://www.crosbybenefits.com) (Participant Area, Forms and Info).

- **New “Carryover” Feature** – This new provision will allow the carryover of any remaining balance up to $500 from your 2015 plan year medical FSA to your 2016 plan year medical FSA. This is a welcome change from the IRS’s former “use it or lose it” rule. Since an employer cannot offer both the “grace period” and the “carryover” provisions, BC is transitioning to the “carryover” provision for the 2015 plan year. The carryover provision only applies to the medical/dental FSA and not to the dependent care FSA.

- **Final Year for the 2 ½ Month Grace Period Feature** – Since an employer cannot offer both the “grace period” and the “carryover” provisions, 2014 is the last plan year that will have the “grace period” feature.

**Note for Current 2014 Participants:** During the “grace period” for 2014 (Jan. 1 – Mar. 15, 2015) you can incur claims using any unexpended funds from your 2014 *Crosby* Medical/Dental Account. You can continue to use your current Debit Card after December 31st. The card will debit any remaining 2014 balances before debiting your 2015 account.
• If you terminate employment, your deductions will stop and you may **not** submit claims for services incurred after your termination date, unless you continue to make the same monthly contributions by personal check through the Benefits Office (for the Medical/Dental Account only). If you go on unpaid leave, you may continue to participate in the plan. Contributions that are due can be made by after-tax payments during the leave or, if possible, with catch-up payroll deductions after the leave ends.

• **IMPORTANT:** For current 2014 plan participants, **once the period for submitting claims expires, any funds remaining in your accounts must be forfeited,** in accordance with Internal Revenue Service regulations. This is called the **“use it or lose it” rule.** As noted above, for 2015, only unused amounts above $500 will be forfeited; amounts up to $500 will be carried over to the 2016 plan year.

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**ENROLLMENT FOR 2015**

Please note the **enrollment deadline is Friday, December 5th.** If you do not enroll during this Open Enrollment period, you will normally not be able to enroll until the next enrollment period for the 2016 plan year.

• **On-line Enrollment** – Directly through *Crosby Benefit Systems*

  Please see accompanying page entitled: **“Instructions for Online FSA Enrollment”** (Can be found on the FSA Open Enrollment link on the Human Resources website under ‘News.’) You will need an email address to enroll.

  If you encounter problems or you have questions, call Crosby Benefits at **1-866-918-9711,** 8:00 a.m. to 8:00 p.m. (M-F). *If you need further assistance, you may come to the Benefits Office at 129 Lake Street, Room 140, on the Brighton Campus,* or call ext. 2-3329.

• You may enroll in the Medical Care FSA or the Dependent Care FSA (or both). **Be careful to enroll in the correct plan.** The Dependent Care Account is for expenses incurred because you (and your spouse) work (daycare costs, for example). **It is not for medical or dental expenses for your children/dependents.**

• The annual **maximum amounts** are $2,500 for the Medical Care FSA Account and $5,000 for the Dependent Care FSA Account.

• If you participated in the Medical Care FSA in 2014 and you are also enrolling for 2015, **do not throw away your Debit Card.** Your 2015 annual election will be uploaded to your debit card.

After you enroll, *Crosby will send written confirmation of your election(s).*