

FSA ENROLLMENT GUIDE



Everyone spends money on doctor visits, prescriptions, dental exams, glasses and contacts, and over-the-counter medicines, not to mention daycare. Why not save tax dollars on your eligible expenses? By enrolling in a Flexible Spending Account you can make these every day expenses more affordable.



First Community Bank

January 1, 2019 – December 31, 2019

Plan Specifications	
Medical FSA Maximum Annual Contribution	\$2,500.00
Dependent Care FSA Maximum Annual Contribution	\$5,000.00 (or \$2,500 if married but filing separately)
Minimum Contribution Required to Participate	None
Medical FSA Carryover Amount	\$500.00
Reimbursement Schedule	Semi-Monthly – coinciding with pay cycle
Reimbursement Method	Direct Deposit / Debit Card
Minimum Reimbursement Amount	None
Run Out Period – to file claims	90 days after the end of the plan year (3/31/2020)

REMINDERS:

- Expenses for entire family may be reimbursed regardless of whether or not they are covered by the health/dental insurance.
- Expenses must be incurred during the plan year and while you are actively employed.
- Election is irrevocable unless there is an IRS approved Qualifying Event.
- Use-It or Lose-It: If contributions made into the FSA are not used by the end of the plan year and corresponding grace period, you will lose the remaining funds that exceed \$500. The Carryover Provision will allow you to carry forward up to \$500 of your current year balance. You have 90-days from the end of your plan year to file claims for reimbursement.
- Your FSA Medical annual election (total amount to be contributed for the year) is available at any time.
- Only the amount contributed to date is available for your Dependent Care FSA, and the date of service must have occurred before the reimbursement can be made.
- Claims are processed within 24-36 hours of receipt.



Frequently Asked Questions

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WHAT IS A FSA?

Flexible Spending Accounts (FSAs) use pre-tax dollars for reimbursement of what would otherwise be after-tax expenses. Medical FSAs are used for unreimbursed medical, dental and vision expenses. Dependent Care FSAs are used to reimburse daycare expenses for children up to and including age 12 or care for a mentally or physically disabled spouse or other adult claimed as a dependent on your tax return. By enrolling in a FSA you are lowering your taxable income, paying less in taxes and increasing your spendable income! Take a look at the following real savings example:

Without a FSA	
Gross Monthly Income	\$ 5,000.00
Tax Withholding (est. 25%)	\$ 1,250.00
Spendable Income	\$ 3,750.00
* Qualified Expenses	\$ 750.00
Net Spendable Income	\$ 3,000.00

With a FSA	
Gross Monthly Income	\$ 5,000.00
* Qualified Expenses	\$ 750.00
Taxable Income	\$ 4,250.00
Tax Withholding (est. 25%)	\$ 1,062.50
Spendable Income	\$ 3,937.50
Net Spendable Income	\$ 3,187.50
Increase in Spendable Income (monthly)	\$ 187.50

*Qualified expenses include insurance premiums, unreimbursed medical expenses and daycare costs

HOW DOES A FSA WORK?

As an employee you elect to have a certain dollar amount deducted from your earnings before taxes and deposited into a Medical FSA and/or Dependent Care FSA. Once you incur an expense you submit the receipt along with a claim form for reimbursement.

ELIGIBLE EXPENSES

Medical FSA Eligible Expenses

The purpose of a FSA is to enable you to save tax dollars on the expenses that are not covered by your medical or other insurance plan. The IRS Publication 502 lists the potentially eligible expenses; however, **not all expenses in Publication 502 are eligible**. An eligible expense includes any item for which you could have claimed as a medical expense on an itemized federal income tax return with the exception of insurance premiums, long-term care and other similar charges. Eligible expenses may include:

- Medical copayments, deductibles and out-of-pocket expenses
- Dental and orthodontia charges not covered by insurance
- Vision and hearing charges, including glasses, contacts, Lasik surgery and hearing aids
- Pharmacy expenses, including prescription charges and diabetic supplies. *(restrictions apply)*
- Over-the-counter medications (Effective January 1, 2011, supporting documentation such as a prescription or physician's statement must be submitted at time of claim. Examples include cold, cough, and flu medicine, acid controllers, pain relief, allergy and sinus medications, etc.)
- Other miscellaneous expenses including durable medical equipment, speech, occupational, and physical therapy, mental health and substance abuse counseling, transportation for medical care, etc.
- Purchase and/or view eligible expenses online through the FSA Store. Access the site by logging onto www.myrsc.com.



 **FSA Store**
THE FLEXIBLE SPENDING ACCOUNT SITE

Dependent Care FSA Eligible Expenses

By enrolling in a Dependent Care FSA you are able to pay for expenses associated with daycare for your eligible dependents with pre-tax dollars. The following stipulations apply to dependent care accounts:

- The dependent must be under the age of 13 and considered your dependent under federal tax rules.
- The expenses must enable you (and your spouse, if married) to work, actively seek work, or attend school full-time.
- The child-care provider cannot be someone who is considered your child or stepchild and is under the age of 19 or if you claim the provider as a dependent for tax-purposes.
- Only expenses deemed essential to the care of the dependent are eligible. Expenses for meals, diapers, registration fees, late charges, etc. are not eligible.
- Costs for the care of a mentally or physically disabled spouse or other adult dependent are eligible if you claim them on your federal tax return as a dependent.



HOW MUCH SHOULD I CONTRIBUTE?

Medical FSA Contributions

Your **employer** will determine the maximum annual contribution that you can make to your Medical FSA. When determining your annual contribution the key is to not overestimate your expenses. Take into consideration the expenses you know you and your dependents will incur. If you know that you take 2 prescriptions monthly, go to the doctor once a year and always get a new pair of glasses then include those costs. Never assume that you will meet your deductible or out-of-pocket limit. The chart below may be used to help you calculate your expenses.

Cost of Physician Copayments:	\$ _____
Cost of Prescription Copayments/Deductible:	\$ _____
Dental / Orthodontia Expenses:	\$ _____
Vision Expenses (glasses/contacts):	\$ _____
Over-the-Counter Medications:	\$ _____
Other Medical Expenses:	\$ _____
Total Expenses:	\$ _____



Total Expenses \$ _____ divided by # of pay periods _____ = deduction per pay cycle \$ _____

Dependent Care FSA Contributions

The annual maximum contribution is \$5,000 (or \$2,500 if married but filing separately), and cannot exceed the earned income of either you or your spouse, whichever is less. Be sure to include before and after school care, summer programs, vacation, holiday and sick days if applicable.

Annual Daycare Expense \$ _____ divided by # of pay periods _____ = deduction per pay cycle \$ _____

USE-IT OR LOSE-IT RULE

If the contributions made into a FSA are not used by the end of the plan year and corresponding grace period, you will lose the remaining funds that exceed \$500. **The Carryover Provision enables you to carry forward up to \$500 from your end of the year balance to the new plan year.** You have 90-days from the end of your plan year to file claims for reimbursement.



CAN I CHANGE MY ELECTION MID-YEAR?

Your annual election is irrevocable unless you have an IRS approved Qualifying Event. Typically this includes marriage, divorce, birth, adoption or death of a dependent, change in the employment status of the employee, spouse or dependent, or change in the eligibility of a dependent.

Changes in daycare providers, daycare rates, or a child reaching age 13 all allow for a change in your FSA Dependent Care contribution. Other changes may be eligible but will require approval.

MYSOURCE DEBIT CARD

The *mySourceCard* is a MasterCard debit card that may be used to purchase eligible expenses from qualified merchants. It can be used to pay for things like physician copays, hospital charges, prescriptions, dental expenses, glasses and contacts. In some cases, it can even be used to pay for daycare expenses. Effective January 1, 2011 it can no longer be used to purchase over-the-counter drugs and medications.

Where Can I Use the Card?

The *mySourceCard* operates through programmed merchant codes. Each provider that accepts MasterCard is assigned a Merchant Category Code. There are over 500 such codes; however, only those codes related to eligible expenses under your plan are programmed on the card. Qualified merchants include:

- Doctors
- Hospitals
- Vision Providers
- Pharmacies
- Retail merchants using the IIAS (Inventory Information Approval System)



How Does the Card Work?

Simply present the *mySourceCard* when purchasing eligible expenses from qualified merchants; the funds will be paid directly from your reimbursement account. The available credit on your card will be the available balance in your account up to a daily maximum withdrawal amount of \$5,000.

The *mySourceCard* works just like any other debit card; but, there are 5 major differences:

- Limited to specific merchants deemed eligible by your plan
- Limited to expenses deemed eligible by your plan
- Card cannot be used at the ATM
- Card will not allow "cash back" with a purchase
- There is no PIN

Receipts may or may not be required. Some card swipes for eligible purchases may auto-substantiate which alleviates you from having to submit additional documentation. However, if any card transaction does not auto-substantiate, the IRS requires additional documentation to be submitted. You will be notified via e-mail (if you have provided this information to BCI) if you need to submit documentation.



Things to Remember:

- Keep all your receipts.
- You might be required to submit receipts to verify expense eligibility.
- The card is only valid at eligible merchants.
- Card can be used up to the amount available in your account up to a daily maximum withdrawal limit of \$5,000.
- Transactions over the available amount will be denied.
- 24/7 access to account information at www.myrsc.com.

* Please note, not all employers elect for their employees to have access to the *mySource Card*.

CLAIM FILING INSTRUCTIONS

When submitting paper claims you must complete the FSA claim form and submit it along with the documentation for your expense. You can also complete your claim form online, then print and submit with documentation. Paper claims can be faxed, emailed or mailed. You can also submit your claims through the new *myRSC* mobile app on your smart phone. All claims are processed within 24-36 hours of receipt and can be viewed online.

Documentation for medical reimbursement should include: name of the person incurring the service, provider name, date of service, type of service that was incurred and the amount charged less any amount that has been or will be paid by insurance or other sources.



Over-the-counter medications must include a receipt showing the name of the medicine, date of purchase, provider name and amount. **Effective January 1, 2011, you will also be required to provide supporting documentation, such as a prescription or physician's statement, in order to be reimbursed.**

Daycare documentation should include the name of the child, name of the provider, beginning and ending date of service and amount charged. If the daycare provider is an individual, then the documentation should include that person's signature and tax ID or social security number.

Cash register receipts, cancelled checks and credit card receipts/statements are not acceptable forms of documentation. An explanation of benefits from your insurance company, walk-out statement from a physician's office, or pharmacy statement is acceptable depending on the nature of the expense.

OTHER THINGS TO REMEMBER:

- You can only submit a claim if you are participating in a FSA.
- Claims are based on the date the service was incurred, not paid.
- You can only be reimbursed for eligible expenses occurring during the plan year in which your contributions are made.
- You can submit claims as often as you like during the plan year.
- If you terminate employment you can submit claims for expenses incurred before your date of termination.
- At termination you may be eligible to continue your FSA under COBRA.

HOW DO I ACCESS FUNDS?

To be reimbursed you must complete the FSA Claim Form and submit it along with the supporting documentation. Reimbursements are then issued at the frequency specified by your employer. See the Plan Specifications box on page 2 of this booklet for details on your plan's reimbursement details.

The amount of your annual election is available at any time during the year for Medical FSAs. However, only the amount that has been contributed (withheld) to date is available for Dependent Care FSAs, and the ending date of service must have occurred in order to receive the payment.

Introducing Mobile *myRSC*[®] for iPhone and Android

Benefits at Your Fingertips



Participants can now view detailed account and debit card information, manage email notifications related to their account, and even upload claims with **SnapClaim**, from anywhere, 24/7 directly from their smartphone.

Streamlined Claim Entry for Participants and Administrators

Choose the **SnapClaim** feature and participants can complete claim forms and upload receipt photos directly from their smartphone.

Easy to Find and Use

Simply search for “*myRSC*” on the App StoreSM for Apple products or on the Google PlayTM Store for Android products, and then load as you would any other app.

Simple Login

Participants can use the same username and password they use to log in to the full *myRSC* website. After logging in, participants go directly to the home page to see their options.



App Store is a service mark of Apple. Google Play is a trademark of Google Inc.

Questions?

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