



DATE: December 11, 2017
TO: All Employees
FROM: Human Resources Department- Benefit Administration
SUBJECT: IMPORTANT NOTICE –Flexible Spending Account (FSA) plan changes

Effective January 1, 2018 we will be using a new vendor to administer the County's Health and Dependent Care Flexible Spending Account (FSA) plans. We are in the process of converting enrolled employee plan information from the previous vendor- Lifetime Benefit Solutions to Benetech. No action is required on your part, but here is some information to help you through the transition.

One reason we switched to Benetech is their philosophy of simplifying administration to make claims payment quick and easy. Therefore, all enrolled FSA participants will be receiving a "pre-paid" front loaded debit card from Benetech by around mid January. The debit card eliminates the traditional hassles such as cumbersome claim forms, out of pocket payments, and waiting for reimbursement checks. Once you have your debit card, you can use it to start paying directly for your 2018 eligible FSA expenses.

Also in 2018 we are adding a new feature which will allow you to rollover any unused 2018 FSA balances up to but not exceeding \$500, for use during the next plan year. This benefit enhancement provides security for up to \$500 of your annual election with respect to the IRS "use-it-or-lose-it" rule, and balances up to \$500 will remain available on your debit card for use through the next plan year without restricting an employee from electing the annual maximum contribution allowed by the IRS for the following plan year. (Annual contributions are set by the IRS, and often change annually. We announce the annual maximum contributions during Open Enrollment).

Due to these significant changes we are keeping the enrollment process open for 2018 FSA elections until this Friday, December 15th.

NOTICE TO EMPLOYEES THAT ENROLLED IN AN FSA PLAN IN 2017:

As you may recall in 2017 you were given a "grace period" during which you can utilize your remaining account balance – **for Health FSA's ONLY**- at the beginning of 2018 as follows:

- An employee enrolled in a Flexible Spending Account for the year 2017, may incur qualified expenses from January 1, 2017 through March 15, 2018. All qualified expenses incurred during this period of time must be submitted to **Lifetime Benefit Solutions** as of March 31, 2018 for reimbursement. This benefit allows extended use of your Flexible Spending Account. Once you have utilized your Lifetime balance, you may start using your **Benetech** debit card for 2018 expenses.
- Example: An employee with a 2017 FSA remaining balance of \$100.00 as of 1/1/2018, incurs an expense for \$125.00 in January – March 15, 2018, they can submit the expense to **Lifetime Benefit Solutions** for the \$100.00 and then utilize \$25 of their 2018 **Benetech** FSA Account.

FSA Grace Period Q & A

What is a health care FSA grace period?

This feature, called a “grace period”, permits you to incur expenses for 2-1/2 months in the new plan year and use up your last plan year funds. The health care FSA grace period is available to anyone who is a participant on the last day of the plan year.

If I have \$50 left in my health care FSA after the end of my plan year, am I able to incur new expenses and be reimbursed from the money I have left to spend?

Yes. You may incur expenses for your previous plan year through the 15th of March.

How long do I have to submit receipts for the previous plan year?

Your “run-out” period to submit claims to **Lifetime Benefit Solutions** for the previous plan year is 90 days after the end of the plan year. Your documentation must be postmarked, faxed or mailed by midnight of the 90th day – March 31, 2018.

What happens to the money if it is not used within the plan year plus the 2-1/2 month grace period?

Any monies not used will be forfeited.

Is the 2-1/2 month grace period also available for the work-related dependent care FSA?

No. It is only available for the health care FSA.

When can I start using my Benetech Debit Card?

If you have no carryover funds you may start utilizing your Benetech debit card starting January 1, 2018. If you still have a balance at Lifetime Benefit Solutions for 2017, use that balance first, and submit claims directly to Lifetime Benefit Solutions for claims through March 15. Once your 2017 Lifetime Benefit Solution balance is exhausted, or after March 15th, whichever comes first, you can use your Benetech debit card for all eligible expenses.

At the end of 2018 if I have a balance can I use it in 2019?

If your balance from 2018 is at or below \$500, you can use that money throughout 2019. If you have a balance over \$500, you will forfeit any money above \$500 at the end of 2018.

We are excited to provide you with these two new features – debit card and rollover of balances at or under \$500. Please feel free to give Sarah Thomas, Benefits Manager, a call at 274-5528 with any questions related to your FSA elections and utilization of funds.