Flexible Spending Accounts (FSA)
Employee Benefit Only - Does NOT Apply to Annuitants

During the Benefit Choice Period, employees may enroll in a Flexible Spending Account (FSA) with an effective date of July 1, 2015. The great advantage is that you pay no federal or employment taxes on your contributions. For example, if you put in $1,000 you save $300 ($1,000 x 30% (you pay in taxes) = $300) over the course of the plan year.

FSA plan elections do not automatically carry over each year. You must complete a new FSA enrollment form each year to participate. The first deduction for an FSA enrollment will be taken on a pretax basis from the first paycheck issued in July. Employees should carefully review their paycheck to verify the deduction was taken correctly. If you do not see the deduction on your paycheck stub, please contact your payroll office immediately.

Medical Care Assistance Plan (MCAP)

What is it? The Medical Care Assistance Plan (MCAP) is a program that allows you to set aside money, before taxes, from your paycheck to pay for health-related expenses not covered by insurance. If you, or someone in your family (i.e., spouse and/or eligible dependents) goes to the doctor or dentist, takes medication or wears glasses, whether you have insurance or not, MCAP may save you money. Please note that dependents must qualify under the Internal Revenue Code in order for their healthcare expenses to be eligible for reimbursement. Refer to the Flexible Spending Accounts Reference Guide on the Benefits website for IRS dependent eligibility requirements.

How much should I contribute? Contributions depend on your family’s medical expenses which include copayments and deductibles associated with doctor’s visits, prescriptions, medically-necessary orthodontia (e.g., braces), vision exams and surgeries (e.g., LASIK surgery). The maximum annual amount you may elect is $2,550. The minimum monthly amount for which an employee may enroll is $20; the

MCAP Rollover

Participants enrolled in MCAP will have until June 30 to incur expenses. Eligible expenses must be submitted for reimbursement no later than September 30.

Maximum $500 MCAP Rollover – Currently enrolled MCAP participants who have a balance remaining in their MCAP account after September 30, 2015, will have up to $500* of that account balance automatically rolled over to their next plan year MCAP account. This rollover amount will be added to the FY2016 available balance on October 1, 2015, of the new plan year whether an employee reenrolls in MCAP or not. Although the rollover amount will not be added to the MCAP account until October 1, 2015, all eligible expenses incurred on or after July 1, 2015, will be eligible for reimbursement.

For example, a participant re-enrolls in MCAP for the FY2016 plan year for the maximum amount of $2,550. On October 1, 2015, the balance remaining in their MCAP account is $350; therefore, for the FY2016 plan year they will have a total of $2,900 in their MCAP account to use during the FY2016 plan year.

* Participants who re-enroll in MCAP and have a balance after September 30, 2015, will forfeit any amount exceeding $500. This rollover amount is for MCAP accounts only and does not apply to DCAP accounts.

Example of MCAP Rollover:
Employee enrolls in MCAP for $1,200 for the FY16 plan year (i.e., July 1, 2015 through June 30, 2016) and has $700 left over from their FY15 account. The $1,200 will be available for use July 1, 2015, and the remaining balance, up to $500, will be added to the FY16 account balance on October 1, 2015. The remaining $200 will be forfeited.

Employee does not enroll in MCAP for the FY16 plan year (i.e., July 1, 2015 through June 30, 2016) and has $700 left over in their MCAP FY15 account on June 30, 2015. Reimbursement requests for FY15 may be submitted during the FY15 run-out period (i.e., July 1, 2015 through September 30, 2015) to use the $700 for services that were incurred during the FY15 plan year (i.e., July 1, 2014 through June 30, 2015). On October 1, 2015 (i.e., after the run-out period ends), the FY16 account will be funded with the remaining FY15 balance, up to $500. The remaining $200 will be forfeited.

Note: Employees who do not re-enroll for the next plan year will need to submit paper reimbursement requests once the new plan year begins on July 1st to utilize their rolled over funds.
maximum monthly amount is $212.50 (or $283.33 for university employees paid over 9 months).

Examples of expenses you cannot claim:
- Cosmetic services, vitamins, supplements
- Insurance premiums
- Vision warranties and service contracts
- Over-the-counter medicines and drugs are not eligible for reimbursement without a prescription

How do I use my MCAP account? Employees who are enrolled in MCAP will be issued a stored-value debit card at no cost. The card may be used to pay for medical expenses and eligible over-the-counter medical-related purchases. Documentation will be required to substantiate certain expenses paid with the debit card; therefore, you should review your online account carefully to ensure you are aware of the documentation requirements. Employees choosing not to use the debit card may complete and submit a paper claim form for reimbursement of eligible expenses.

What is the deadline to submit MCAP claims for reimbursement? You will have until the end of the run-out period, September 30, 2016, to submit claims for expenses that were incurred from July 1, 2015, through June 30, 2016.

Dependent Care Assistance Plan (DCAP)
The Dependent Care Assistance Plan (DCAP) is for the reimbursement of eligible child care expenses, such as daycare.* DCAP cannot be used for dependent healthcare expenses (employees interested in having their dependent's health-related expenses reimbursed through a pretax program should refer to the Medical Care Assistance Plan (MCAP) on page 28). In situations where parents are legally separated or divorced, only the custodial parent can enroll in DCAP. The custodial parent is defined by the IRS as the person who has the child the most nights during the calendar year. See IRS Publication 503 for more information.

What is it? The Dependent Care Assistance Plan (DCAP) is a program that allows you to set aside money, before taxes, from your paycheck to pay primarily for child care expenses* of dependent children 12 years and under. If you (and your spouse, if married), work full-time and pay for daycare, day camp or after-school programs, then DCAP may save you money. Please note that if you claim the dependent care tax credit, the credit will be reduced, dollar for dollar, by the amount you contribute to DCAP. Also, depending on your household income, it might be advantageous to claim child care expenses on your federal income tax return instead of using DCAP. You cannot claim the expenses on your tax return and use DCAP. Please ask your tax adviser which plan is best for you.

How much should I contribute? Contributions depend on household needs—think about how much you spend on child care every year. Will you use daycare or a private nanny? Perhaps your child is going to nursery school or day camp this year. The maximum annual amount you may elect is $5,000. The minimum monthly amount for which an employee may enroll is $20; the maximum monthly amount is $416.66 (or $555.54 for university employees paid over 9 months).

Examples of expenses you cannot claim:
- Overnight camp
- Daycare provided by another dependent
- Daycare provided "off the books"
- Kindergarten tuition
- Private primary school tuition
- Before and after-school care expenses for dependents age 13 and older.

You have until September 30, 2016, to submit claims for services incurred from July 1, 2015, through June 30, 2016; otherwise, any money left in your account will be forfeited. All dependent care expenses must be incurred prior to July 1, 2016, in order to be eligible for reimbursement.

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Special Note Regarding DCAP Reimbursement for Summer Day Camps
Employees who enroll children in a summer day camp should calculate their FY2016 daycare expenses and annual contribution carefully. Since the FY2015 plan year ends June 30th, any day camp expenses incurred during June 2015 will not be eligible for reimbursement through your FY2016 DCAP. For FY2016, the summer months of July and August 2015, as well as June 2016, will be eligible for reimbursement.

* In addition to child care, DCAP can be used to pay for the dependent care expenses for any individual living with you that is physically or mentally unable to care for themselves and is eligible to be claimed as a dependent on your taxes. Refer to the Internal Revenue Code to ensure your dependent qualifies as a tax dependent before enrolling in this program.