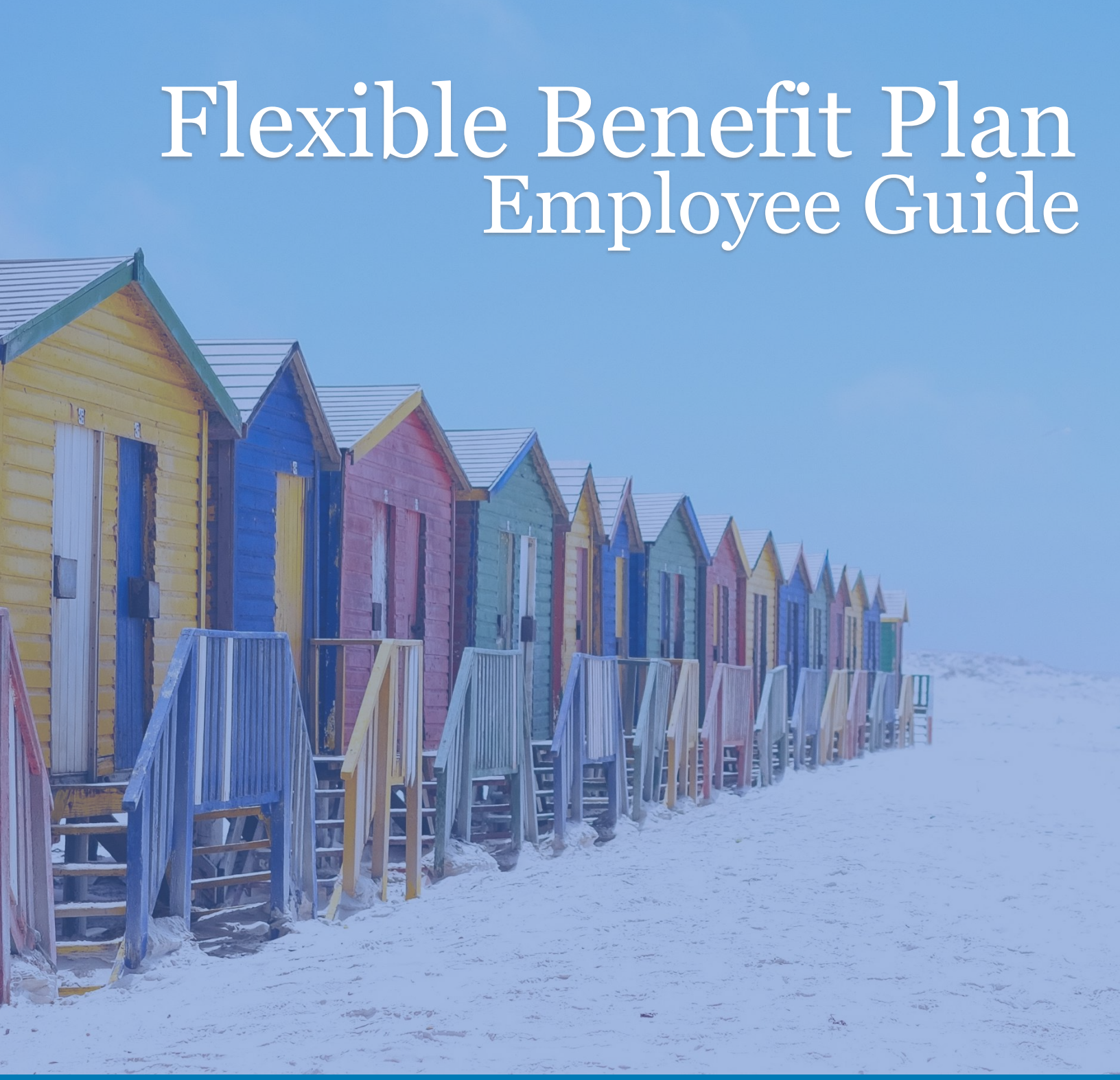
Flexible Benefit Plan
Employee Guide



Cecil County Public Schools

July 1, 2024 – June 30, 2025

FlexibleBenefit ADMINISTRATORS

Introduction

With a Flexible Benefit Plan, the better you plan, the more you save!

The Flexible Benefit Plan is a real solution to issues facing all of us. By taking advantage of tax laws, the Plan works with your benefits to save you money since it allows you to pay for eligible expenses with **Tax Free Dollars**.

You will not pay any Federal, State, or FICA taxes on funds placed into the Plan. Depending on your tax bracket, you will save between $27.65 and $37.65 for every $100 you place in the account.

This handbook will help you understand the Plan by covering everything from how it works, describing the different options available, explaining the rules governing each plan option, how to access your funds, and how to view and access your account.

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Important Points for 2024-2025

Your Plan Year runs from **July 1, 2024** to **June 30, 2025.** This means your benefit elections will take effect July 1, 2024.

Important Dates:

- Plan Start Date: 7/1/2024
- Plan End Date: 6/30/2025
- Last Day to Spend Funds: 9/15/2025
- Last Day to Submit Claims: 9/28/2025

You are eligible to participate in the Plan on the first of the month following your date of hire if you are classified as an employee working 17.5 or more hours per week in a budgeted position. If you are hired on the first day of the month, then you are benefit eligible on that day.

The maximum amount you can contribute to your HealthCare or Limited Purpose Plan is **$3,200**

The maximum amount you can contribute to your Dependent Care Plan is **$5,000**

**($2,500 if you are a married individual filing a separate tax return)*

NOTE: With the Flexible Spending Accounts, you must actively re-enroll each year.

If you wish to add or make changes to your benefit elections, please consult your HR department during your scheduled enrollment period. Once the enrollment period is over, you will not be able to make changes unless you experience a qualified life event as outlined by the IRS.

Flexible Spending Accounts

Flexible Spending Accounts (FSA) allow you to pay certain healthcare and dependent expenses. The key to the Flexible Benefit Plan is that your eligible expenses are paid for with Tax Free Dollars. You will not pay any Federal, State or FICA taxes on funds placed in the Plan. You will save between approximately $27.65 and $37.65 on every $100 you place in the Plan. The amount of your savings will depend on your federal tax bracket.

There are Three Types of FSAs:

HealthCare FSA: As an active participant you can pay for your out-of-pocket healthcare expenses for yourself, your spouse and all of your tax dependents that are incurred during your Plan Year. Eligible expenses are those incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, or of the purpose of affecting any structure or function for the body.

Dependent Care FSA: This account allows you to pay for day care expenses for your qualified dependent/child with pre-tax dollars. Eligible Day Care/Aged Adult Care expenses are considered care of an eligible dependent so that you and your spouse can go to work or school full-time. Eligible dependents, as revised under Section 152 of the Code by the Working Families Tax Act of 2005, are defined as either dependent children or dependent relatives that you can claim as dependents on your taxes.

Limited Purpose FSA: You must be enrolled in a High Deductible Health Plan with an HSA to enroll in this plan. With this account, you can pay for your out-of-pocket dental, vision, and preventative care expenses for yourself, your spouse and all of your tax dependents for services that are incurred during your Plan Year and while being an active participant.

HealthCare FSA

The HealthCare Reimbursement Account allows you to pay for your uninsured medical expenses with pre-tax dollars. With this account, you can pay for your out-of-pocket medical expenses for yourself, your spouse and all of your tax dependents for medical services that are incurred during your Plan Year. The maximum you may place in this account for the Plan Year is $3,200.

The HealthCare Account is a Pre-Funded Account:

This means that your full annual election is available on the first day of the Plan Year. You can submit a claim for medical expenses exceeding your current contribution amount and be reimbursed your total eligible expense up to your annual election. The funds that you are pre-funded will be recovered as deductions continue to be deposited into your account throughout the Plan Year.

Eligible HealthCare Expenses:

Allowed	Rx/Letter of Medical Necessity	Not Allowed
✓ Acupuncture/Acupressure	Rx Acne Treatment	✕ Assisted Living
✓ Antibiotic Creams	Rx Humidifiers	✕ Caffeine Pills
✓ Diabetic Supplies	Rx Gym Memberships	✕ Bug Spray
✓ Feminine Hygiene Products	Rx Multivitamins	✕ Athletic Mouth Guards
✓ Physical Therapy	Rx Baby Formula	✕ Diet Foods
✓ Chiropractic Treatments	Rx Birth Control Medications	✕ Teeth Whitening
✓ Orthodontia	Rx Weight Loss Programs	✕ Cosmetic Procedures
✓ Breast Pumps & Supplies	Rx Nutritionist	✕ Late Fees
✓ Headache & Allergy Medicines	Rx Fiber Supplements	✕ Toothbrushes
✓ Non-Cosmetic Dental Procedures	Rx Herbal Supplements	✕ Concierge Fees

HealthCare FSA Continued

Obtaining a Reimbursement from your HealthCare Account:

To obtain a reimbursement from your HealthCare Account, you must complete a Claim Form. You must attach a receipt, bill, or an Explanation of Benefits(EOB) from your service provider. Please see the Claims Sections for more information.

NOTE: To be eligible for reimbursement through the HealthCare Account, the medical expense must be incurred during the Plan Year. IRS defines "incurred" as when the medical care is provided (or date of service), not when you are formally billed, charged for, or pay for the care.

How the Flexible Benefit Plan Works

	Without FSA	With FSA
Gross Monthly Income	$2,500.00	$2,500.00
Eligible Pre-Tax Employer Medical Insurance	$0.00	$200.00
Eligible Pre-Tax Medical Expenses	$0.00	$100.00
Taxable Income	$2,500.00	$2,200.00
Federal Tax (15%)	$375.00	$330.00
State Tax (5.75%)	$143.75	$126.50
FICA Tax (7.65%)	$191.25	$168.30
After-Tax Employer Medical Insurance	$200.00	$0.00
After-Tax Medical Expenses	$100.00	$0.00
Monthly Spendable Income	$1,490.00	$1,575.20

By taking advantage of the Flexible Benefit Plan, this employee was able to increase his/her spendable income by $85.20 every month! This means an annual tax savings of $1,022.40. Remember, with the Flexible Benefit Plan, the better you plan, the more you save!

Dependent Care FSA

The Dependent Care Reimbursement Account allows you to pay for day care expenses for your dependents with tax-free dollars. Please see the Claims Section for more information.

Eligible Dependent:

- A child under 13 who qualifies as a dependent on your Federal Income Taxes
- Any other dependents, including a disabled spouse, disabled children over age 13 and elderly parents, who depend on you for financial support, qualify as dependents for tax purposes, and are incapable of self-care
- Please refer to "Rules and Regulations: Eligible Dependents" for the latest definition of a dependent, as revised under Section 152 of the Code by the Working Families Tax Relief Act of 2005 (WFTRA)

Eligible Dependent Care Expenses:

Allowed	Not Allowed
✓ Babysitters or nannies that claim the child care as income.	✕ Kindergarten and/or boarding school
✓ Licensed day care centers	✕ Days you/your spouse aren't working
✓ Private preschool	✕ Late fees
✓ Before and after school care	✕ Overnight camps and/or field trips
✓ FICA & FUTA taxes for day care provider	✕ Care provider may not be a child of yours
✓ Day camps	✕ Diapers, baby powder and baby oil
✓ Day care for an elderly or disabled dependent	✕ Transportation, books, clothing, or entertainment

The Dependent Care FSA is NOT a Pre-Funded Account!

This means that you will only be reimbursed up to your account balance at the time you submit your claim. If your claim is for more than your account balance, the unreimbursed portion of your claim will be tracked by Flexible Benefit Administrators, Inc. You will be automatically reimbursed as additional deductions are deposited into your account.

Dependent Care Continued

Obtaining a Reimbursement from your Dependent Care FSA:

To obtain a reimbursement from your Dependent Care Reimbursement Account you must complete a Claim Form. You must attach a receipt **from the service provider**. Please see the Claims Section for more information.

NOTE: Dependent care expenses can only be reimbursed after the care is provided. **This means that advance payments of dependent care expenses cannot be made.**

Annual Maximum for the Dependent Care FSA:

Must Not Exceed the Lesser of:

- $5,000 for one or more children ($2,500 if you are a married individual filing a separate tax return);
- Your wages or salary for the Plan Year; or
- The wages or salary of your spouse

If your spouse is either a full-time student or is incapable of taking care of himself or herself then he or she is deemed to have monthly earnings of $250 if there is one child or dependent, and $500 if there are two or more children or dependents.

How the Dependent Care Plan Works:

Paying for Dependent Care After-Tax	
Gross Yearly Salary	$44,000
Federal Tax (15%)	$6,600
FICA Tax (7.76%)	$3,366
State Tax (5.75%)	$2,530
Taxable Income	$31,504
After-Tax Dependent Care	$5,000
Yearly Take-home Salary	$26,504

Paying for Dependent Care Pre-Tax	
Gross Yearly Salary	$44,000
Eligible Pre-Tax Dependent Care	$5,000
Taxable Income	$39,000
Federal Tax (15%)	$5,850
FICA Tax (7.76%)	$3,026
State Tax (5.75%)	$2,253
Yearly Take-home Salary	$27,871

NOTE: The average person also spends $10,000 per year in Day Care costs for one child. So, they could still claim the maximum $3,000 on their tax return, since you can still claim any additional cost over what you set aside pre-tax.

Limited Purpose FSA

The Limited Purpose FSA allows you to pay for your out-of-pocket dental, vision, and preventative care expenses for yourself, your spouse and all your tax dependents for services that are incurred during your Plan Year and while being an active participant. The maximum you may place in this account for the Plan Year is $3,200.

NOTE: If you OR your spouse is enrolled in a High-Deductible Health Plan (HDHP) with an HSA, you are not allowed to participate in the HealthCare FSA, but you are eligible to participate in a Limited Purpose FSA.

What is Considered Preventative Care?

In order for an expense to be considered "preventative care" you will need to acquire a prescription or letter of medical necessity from your medical provider that specifically states that the treatment is for the prevention of the onset of an illness. Once you are diagnosed with a condition, any expense used towards treating the condition would not be eligible.

Eligible Limited Purpose Expenses:

Allowed	Rx/Letter of Medical Necessity	Not Allowed
✓ Office visits (Dental & Vision)	℞ High blood pressure medication	✕ Teeth bleaching or whitening
✓ Operations (Dental & Vision)	℞ Eye drops and treatments (over-the-counter)	✕ Toothpaste, toothbrush, floss
✓ Deductible (Dental & Vision)	℞ Tobacco cessation programs	✕ Sunglasses (over-the-counter)
✓ Dental reconstruction (including implants)	℞ Diabetes prevention	✕ Medical expenses
✓ Diagnostic services (Dental or Vision)	℞ Well child/prenatal visits	✕ Cosmetic procedures

Limited Purpose FSA Continued

Why Would Someone Choose to Make a Second Contribution to a Limited Purpose FSA Along with an HSA?

1. **You will likely have dental and/or vision expenses early in the Plan Year.**
   The Limited Purpose FSA is pre-funded at the beginning of the Plan Year while HSA funds are only available as they are deposited into your account. For this reason, if you are planning on incurring dental and/or vision expenses early in the Plan Year, a Limited Purpose FSA is a great way to pay for those expenses. With the Limited Purpose FSA, you can use your full election as soon as you need it in order to pay for expenses, since it acts like a tax-free, interest free loan. This is particularly useful for those who have just opened their HSA or those who haven't been able to build up a balance in their HSA account.

2. **You want to use your HSA contributions primarily for medical expenses.**
   Since you are covered by a High-Deductible Health Plan, you know you may be required to pay higher amounts for medical expenses you incur. If you know you'll use most of your HSA contributions to pay for these medical expenses, it makes sense to set aside separate contributions to cover any vision or dental expenses.

3. **You will want to use your HSA as a retirement or investment account.**
   HSAs offer a triple-tax advantage, meaning you recieve a tax advantage towards your contributions, distributions (if used for eligible expenses), and any interest you earn from your HSA. Medicare expenses for those 65 years and older can easily add up to $200,000 for a couple over the course of 20 years. This does not include dental, vision, hearing aids, and out-of-pocket drugs. By using funds from a Limited Purpose FSA, you can allow more money to remain in your HSA to gain interest while still getting the same tax advantage on your vision and/or dental expenses.

Benefits Card

Access to Funds

Your benefits debit card gives you easy access to the funds in your tax-advantaged benefit accounts by swiping the card at the point of sale. The card can be used at any qualified service provider that accepts MasterCard. Funds are automatically transferred from the benefit account directly to qualified providers with no out-of-pocket cost and no need to file a claim for reimbursement.

Your benefits debit card virtually eliminates:

- Out-of-pocket expenses
- Claim forms
- Reimbursement checks

Your Benefits Debit Card is as Easy as 1-2-3

1. Check your account balance

You can view your transaction history, current balance, claim status, and more by logging in online, calling the phone number on the back of your card or via FBA's mobile app.

2. Swipe your benefits debit card

Swipe the card at the point-of-sale for eligible products and services. Most major retail chains utilize a system that will auto-substantiate the purchase, meaning it will approve eligible expenses without requiring submission of receipts. If a purchase is greater than your account balance, you can split the cost at the register or you may submit a manual claim.

3. Keep all your receipts

Though the need for documentation is greatly reduced, it is a good practice to save your receipts in the instance documentation is requested by your administrator or in case of an IRS audit.

How Long is my Card Valid?

As long as you do not have a break in participation, you can use your card for three years, until the expiration date printed on it.

What if my Card is Denied?

If you swipe your card and it is denied, your first step should be to reach out to FBA's customer service team by calling 1-800-437-FLEX (3539) so that they can assist you. You can also send an email to flexdivision@flex-admin.com for assistance.

Claims Submission

Claim Filing Dates

All claims received in the office of Flexible Benefit Administrators, Inc. will be processed within one week via check or direct deposit.

Information FBA Needs for Any Claim Submission

- Date of service
- Patient's name
- Amount charged
- Provider's name
- Nature of the expense
- Amount covered by insurance (if applicable)

Information FBA Needs for a Claim Submission for Dependent Care

- Name of dependent receiving care
- Date(s) care was provided (must match Claim Form)
- Name of service provider
- Social Security or Tax I.D. number of the provider
- Amount of the charge

Common Denial Reasons

- Ineligible expense
- Purchase/service was incurred outside of the Plan Year
- Insufficient funds in account
- Item/service is considered "cosmetic" by the IRS

Common Errors to Avoid When Filing Claims

- The claim form is not signed
- Canceled checks, cash register receipts or credit card receipts are sent in place of receipts or bills from the provider of service
- Cash register receipts for OTC item(s) do not indicate the specific name of the product(s) purchased
- Claim form has not been completed
- Insufficient postage on envelope
- "Previous balance" statements or "payment on account" receipts submitted in place of actual date of service itemized bills or receipts

What You Can Do If Your Claim Has Been Denied

If your claim was denied and you have additional questions, your first step should be to reach out to FBA's customer service team by calling 1-800-437-FLEX (3539) so that they can assist you. You can also send an email to flexdivision@flex-admin.com for assistance.

Rules and Regulations

Runout Period for Filing Claims

You have the entire Plan Year plus 90 days to file all claims that were incurred during the Plan Year. All claims must be received in the office of Flexible Benefit Administrators, Inc. by 5:00 P.M.(EST). on the 90th day, following the end of your Plan Year. If claims are not received during this time frame for expenses incurred during the Plan Year, your remaining funds will be forfeited. (Remember "90 days" does not mean 3 months and "received in the office" does not mean the day it was postmarked). Please do not delay; complete your claims early.

Grace Period for Incurring Expenses

To help participants avoid forfeiting funds, your employer has added the IRS Provision; 2 months 15-day grace period. This means you have an additional 2 months & 15 days after the end of your Plan Year to incur expenses in your Dependent Care Account and HealthCare Account. For the Plan Year 07/01/2024 - 06/30/2025, you may be reimbursed for expenses that were incurred 07/01/2024 - 09/15/2025.

Effect on Benefits Card Participants

Any participant using the Benefits Card should note that card swipes during the 2-months 15-day grace period (July 1, 2025 – September 15, 2025) are recognized by our administrative software system. These swipes will be applied to your leftover 2024-2025 balance, if applicable, until those funds are exhausted. Once your 2024-2025 account is depleted, any other card swipes within the grace period will be applied to your 2025-2026 balance.

Forfeiting Funds

Any money you do not use from a reimbursement account for expenses incurred during a Plan Year will be forfeited. The forfeited funds will be returned to your employer to offset the cost of the program. If you plan carefully, you can avoid being affected by this IRS restriction.

Rules and Regulations Continued

Termination of Employment

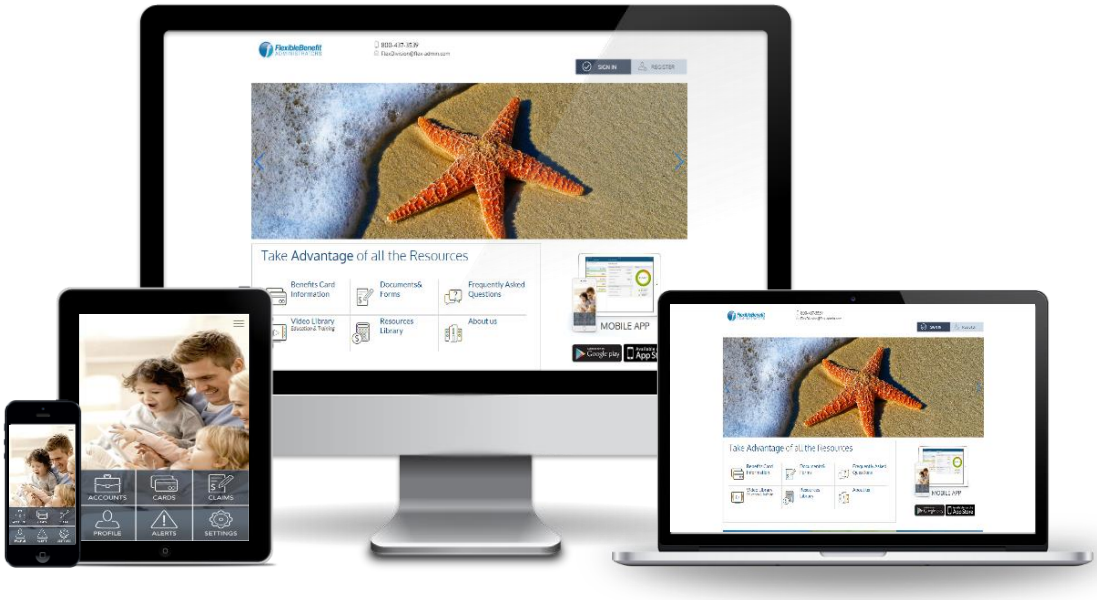
If you have funds in your HealthCare Account and you submit receipts for expenses incurred prior to your termination, you can be reimbursed for funds remaining in your account up to your annual election for 90 days from termination. However, if you have money left in your HealthCare Account and do not have receipts for expenses incurred prior to your termination, you cannot be reimbursed for the money remaining in your account, unless you elect to participate in the federal program known as COBRA. If you elect to participate in COBRA, you will need to continue to set aside dollars on an after-tax basis to be deposited into your HealthCare account. You will receive information concerning this program from the contact person in your company.

Your Dependent Care Account functions differently. If you have funds remaining in these accounts, this money will be reimbursed to you if appropriate receipts are submitted. You can receive reimbursement for expenses incurred during the Plan Year if receipts are submitted within the Plan Year and before the end of the 90th day following termination.

View Your Benefits

Get Connected with Your Account Wherever, Whenever with our Convenient Participant Portal: https://fba.wealthcareportal.com/

NOTE: If you do not have an account on the portal, please see the Web Access Flyer for help creating one.



With the online WealthCare Portal you can:

- ✓ View Account Status
- ✓ Submit Claims and Check Their Status
- ✓ Report Your Benefits Card Lost/Stolen
- ✓ View Resources
- ✓ Download Forms and Information
- ✓ Receive Enrollment Information
- ✓ Find Contact Information

The Participant Portal is available 24/7* from any internet enabled device for your convenience.

*-As with technology, due to technical difficulties beyond our control there may be small windows of time the website is down. In this case, plan information can be requested with a simple phone call to our representatives.

ADMINISTERED BY:

FLEXIBLE BENEFIT ADMINISTRATORS, INC.

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FlexDivision@flex-admin.com

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