

FLEXIBLE SPENDING BENEFIT

Section 125 Flexible Spending Plan ("Flex" for Short) offered by YUHSD. Through the use of Section 125, you can set aside dollars for reimbursable expenses from your salary before your wages are subject to taxation. This results in higher take-home pay for you. After your flex dollars have been set aside, and you begin to incur expenses, simply use Debit Card or submit the reimbursement request forms. Claim Forms are on Yuma Union web page for those expenses in Mexico or unable to use Debit Card.

One thing to remember: Effective for July 1, 2026, Health Care FSA participants will benefit from a new feature called the **Health Care Flexible Spending Account (FSA) Carryover provision**. This provision makes available the carryover of any remaining balance **up to \$680** from your existing plan year FSA to your next plan year FSA. The information below describes how this change may affect you.

- If you have **\$680** or less in unused funds in your Health Care FSA at the end of the year, those funds will automatically roll into your Health Care FSA for next plan year.
- This new Carryover provision will **replace** the 2 ½ month "grace period" provision for the Health Care FSA.
- There will be no change to the Dependent Care FSA.

Your Flex Plan Year will begin on July 1 and end June 30 (each year). Our deductible plan year on our Employee Benefit Plan coincides with the Flex Plan Year. **"FLEX account may be used for allowable medical related expenses for the employee and qualifying dependents, whether or not dependents are covered by the district insurance plan."**

Debit cards go to the employees. They'll receive them around July 1. Rollover funds will be available after run-out period (Aug), those who did not enroll this year will receive a card for their rollover funds at that time. Until then, they must submit manual reimbursement requests.

All expenses must be incurred within the Plan Year (July 1 to June 30) for which you are participating, and the expenses must be for you or an eligible dependent.

Please refer to the detailed information below on reimbursable expenses.

FLEXIBLE SPENDING BENEFIT

Flexible spending is a pre-tax benefit. It is used to decrease your taxable income, then reimburse you for qualified out-of-pocket medical, dental and vision expenses, as well as qualified childcare expenses for dependents under the age of thirteen (13).

MEDICAL REIMBURSEMENT

All employees participating in the Flex Reimbursement Spending Account Plan have the Debit Card for reimbursement. All other expenses* must be submitted for reimbursement by completing a Healthcare & Dependent Care Flexible Reimbursement (Claim) Form with supporting documentation attached. The following may be used as supporting documentation: Receipt or itemized bill with the following information: patient's name, date of services, service rendered, charge for each service, doctor's name and address and total amount charged. Canceled checks are not acceptable forms of documentation!

*Note: other expenses include prescription costs, vision care, childcare and other non-covered medical expenses see extensive list of eligible medical expenses on pages below.

DEPENDENT CARE

Dependent care expenses are eligible for reimbursement only when incurred while you are at work. IF you are married, your spouse must be employed or be a full-time student for childcare expenses to be reimbursed.

If the day care center cares for more than six (6) non-resident children, the center must comply with all state and local laws and charge a fee for providing services.

DEPENDENT CARE REIMBURSEMENT

You must submit a Healthcare & Dependent Care Flexible Reimbursement Form with supporting documentation attached. The following may be used for supporting documentation: Receipt indicating dependent's name, caregiver's name and Federal Tax Id Number or Social Security Number, dates for which care was given and total amount paid. You must obtain the taxpayer ID Number, as the IRS will require this information in order for you to claim a tax credit.

Reimbursement cannot be made if services are provided by a person you claim as an exemption on your Federal Income Tax Return or by your child who is under the age nineteen (19). Payments can be made to a relative who lives with you, if the relative is not a dependent.

Extracurricular activities, such as Dance, Swim, or Karate lessons cannot be used as dependent care expenses. IF you claim childcare reimbursement expenses through this Flex Plan, you may not claim the same expenses under your Income Taxes.

ELIGIBLE DEPENDENTS FOR DAY CARE EXPENSES:

1. A child under age thirteen (13) if:
 - (1) You are entitled to claim the child as a dependent on your Federal Income Tax Return, or
 - (2) You have legal custody of the child, even though you are not entitled to the Federal Income Tax Exemption.
2. A spouse who is physically or mentally incapable of self-care.
3. Any other person who is physically or mentally incapable of self-care and for whom you are entitled to claim as a dependent on your Federal Income Tax Return; or for whom you would be entitled to an exemption except that the person's income exceeded the exemption allowance.

Medical Expense Examples List

Funds you withdraw from your FSA are tax-free when used to pay for qualified medical expenses as described in Section 213(d) of the Internal Revenue Service Tax Code. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness, including dental and vision. A list of these expenses is available on the IRS Web site, www.irs.gov in **IRS Publication 502**, "Medical and Dental Expenses."

The following list provides examples of eligible and ineligible medical expenses. This list is not all-inclusive. Remember, the IRS may modify its list of eligible expenses from time to time. As always, consult your tax advisor should you require specific tax advice.

Eligible medical expenses may include:

- | | | |
|---------------|-------------------------------|---------------------------------|
| • Acupuncture | • Annual Physical Examination | • Body Scan |
| • Alcoholism | • Artificial Limb | • Braille Books and Magazines |
| • Ambulance | • Artificial Teeth | • Breast Pumps and Supplies |
| | • Autoette | • Breast Reconstruction Surgery |
| | • Bandages | |
| | • Birth Control Pills | |

- Capital Expenses – necessary for handicap accessibility for example
- Car – modifications for special needs
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatment
- Diagnostic Devices
- Disabled Dependent Care Expenses
- Drug Addiction
- Drugs
- Eye Exam
- Eyeglasses
- Eye Surgery
- Fertility Enhancement
- Founder's Fee
- Guide Dog or Other Service Animal
- Health Institute
- Health Maintenance Organization (HMO)
- Hearing Aids
- Home Care
- Home Improvements
- Hospital Services
- Insurance Premiums – medical coverage not paid by others
- Intellectually and Developmentally Disabled, Special Home for
- Laboratory Fees
- Lactation Expenses
- Lead-Based Paint Removal
- Learning Disability
- Legal Fees – medically necessary
- Lifetime Care—Advance Payments
- Lodging – essential for medical care
- Long-Term Care
- Meals – in-patient meals
- Medical Conferences – related to chronic illness
- Medical Information Plan
- Medicines
- Nursing Home
- Nursing Services
- Operations
- Optometrist
- Organ Donors
- Osteopath
- Oxygen
- Physical Examination
- Pregnancy Test Kit
- Prosthesis
- Psychiatric Care
- Psychoanalysis
- Psychologist
- Special Education
- Sterilization
- Stop-Smoking Programs
- Surgery
- Telephone – special equipment for the deaf
- Television – captioning equipment
- Therapy
- Transplants
- Transportation – for medical purposes
- Trips – for medical purposes
- Tuition – special needs
- Vasectomy
- Vision Correction Surgery
- Weight-Loss Program – with specific medical diagnosis
- Wheelchair
- X-rays

Ineligible medical expenses may include:

- Baby Sitting, Childcare, and Nursing Services for a Normal, Healthy Baby
- Controlled Substances
- Cosmetic Surgery
- Dancing Lessons
- Diaper Service
- Electrolysis or Hair Removal
- Flexible Spending Account
- Funeral Expenses
- Future Medical Care
- Hair Transplant
- Health Club Dues
- Health Coverage Tax Credit
- Health Savings Accounts
- Household Help
- Illegal Operations and Treatments
- Insurance Premiums – other than includible medical coverage Maternity Clothes
- Medical Savings Account (MSA)
- Nonprescription Drugs and Medicines
- Nutritional Supplements
- Personal Use Items
- Swimming Lessons
- Teeth Whitening
- Veterinary Fees
- Weight-Loss Program

A list of these expenses is available on the IRS Web site, "Medical and Dental Expenses."

<http://www.irs.gov/pub/irs-pdf/p502.pdf>

Remember, the IRS may modify its list of eligible expenses from time to time.