

# Flexible Spending Accounts

**American Fidelity Assurance Company**

Flexible Spending Accounts are a great cost savings tool to help with common medical and/or dependent care expenses not covered by your major medical insurance. You can elect a portion of your pay to be deducted, on a pre-tax basis, from each paycheck to use for reimbursements of qualified out-of-pocket expenses throughout the plan year.

## Flexible Spending Account Savings Example

With FSA		Without FSA
\$30,000	Annual Gross Income	\$30,000
- \$2,400	Health FSA Deposit	\$0
- \$2,500	Dependent Care Account Deposit	\$0
\$25,100	Taxable Gross Income	\$30,000
- \$5,020	Estimated Federal Tax (20%)	- 6,000
- \$1,920.15	Estimated FICA (7.65%)	- 2,295
\$18,159.85	Annual Net Income	\$21,705
\$0	Cost of Recurring Medical Expenses	- \$2,400
\$0	Cost of Recurring Dependent Care Expenses	- \$2,500
<b>\$18,159.85</b>	<b>Spendable Income</b>	<b>\$16,805</b>
<b>With an FSA you have a potential annual savings of: \$1,354.85</b>		
By using an FSA to pay for eligible recurring expenses, you can cut down on your taxable income which will result in additional spendable income.		

## Health Flexible Spending Account (FSA)

A Health FSA allows you to allocate money on a pre-tax basis to reimburse yourself for qualified medical expenses for you and your family. Qualified expenses include anything from co-payments, medical deductibles, prescriptions and much more.

Minimum Annual Election: \$150

Maximum Annual Election: \$2,550

### Partial List of Eligible Expenses for Health FSA

- Copays/coinsurance
- Deductibles
- Dental treatments
- Diabetic supplies
- Prescription drugs and medicines
- Eye exams, eyeglasses, contact lenses, contact lens solution and enzyme
- Flu shots
- Immunizations
- Lab fees
- Laser/Lasik/RK surgery
- Medical exams
- Orthodontia
- Psychiatric care
- Wheelchair
- X-rays

**For a complete list of eligible expenses,  
please visit [www.americanfidelity.com/FSATips](http://www.americanfidelity.com/FSATips)**

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## Health FSA Card

### Health FSA Card

American Fidelity offers a Health FSA Card to all employees who elect to participate in a Health FSA. The Health FSA Card gives immediate, convenient access to Health FSA funds at the point of sale for prescriptions, copays, and other common qualified medical expenses. The card may only be used for the Health FSA and is not available for the Dependent Day Care Flexible Spending Account (Dependent Day Care FSA).



### Using Your Health FSA Card

Simply swipe your Health FSA Card like you would with any other debit card. Whether at the doctor's office or the dentist, the amount of your expenses will be automatically deducted from your Health FSA. Usually you will need to submit documentation after your swipe, so consider taking a photograph of any receipt (although the receipt alone may not be enough).

### Cards for Health FSAs may be used at:

- Healthcare related facilities which include: hospitals, physician offices, dental offices, vision offices; and,
- Merchants participating in the Inventory Information Approval System (IIAS).

There are a few charges that don't require you to provide documentation after your swipe. You can maximize your Health FSA Card experience by using it only for expenses that can be automatically approved. Your Health FSA Card claim will be automatically approved without further documentation requested for:

- Copay Amounts – If your employer provides the necessary information for your medical carrier, the copay amounts can be automatically approved if your copay is stated as a flat dollar amount. If your medical coverage is stated as a coinsurance percentage, additional documentation will be necessary after the swipe to approve the expenses.

- Recurring expenses – You will need to submit documentation after your first swipe and state this will be a recurring claim from the same provider at the same dollar amount. It will be noted on your account that this will be a recurring expense, and additional substantiation will not be required for future swipes for that plan year.
- Items purchased at merchants participating in the IIAS. Please note that not all service providers or retailers who provide medical services or goods participate in the IIAS. For a list of IIAS merchants, you may visit [www.sig-is.org](http://www.sig-is.org).

### Activating Your Card

You will receive your card at your home address and may begin using your card on January 1, 2015. Your card will be automatically activated when you use it for the first time for an expense.

### Guidelines for Your Health FSA Card

- **Keep your receipts and related EOBs.** Swipes not automatically approved will require you to submit additional documentation manually. While the transaction may be approved because you have a Health FSA, the expense will need to be verified as an eligible expense which including that the service is incurred during the current plan year and for an eligible dependent.
- If a provider does not accept the Health FSA Card, you can request reimbursement after payment by completing the Health FSA Expense Reimbursement Voucher and submitting the voucher with the required documentation. Health FSA reimbursement vouchers can be found online. You can complete the Health FSA Expense Reimbursement Voucher and all required documentation online at [www.americanfidelity.com/MyAccount](http://www.americanfidelity.com/MyAccount) or with our mobile app, AFmobile™. You can also mail/fax these documents to us.
- If a Health FSA Card "swipe" is not automatically approved, manual claims documentation will be requested.
- If you cannot provide the documentation requested, the expense will be deemed ineligible and funds for that claim must be reimbursed back to the Health FSA for that plan year. Acceptable documentation includes: (1) a professional bill or receipt that includes the provider of service, type of service rendered, charges for the service, patient information, and original date of service; (2) insurance company explanation of benefits; (3) pharmacy statement that includes Prescription number, name of prescription and patient information.

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## Dependent Day Care Flexible Spending Account (Dependent Day Care FSA)

A Dependent Day Care FSA allows you to allocate money on a pre-tax basis to reimburse yourself for dependent care expenses that allow you (and your spouse) to work such as after school care and daycare centers. Reimbursement is permitted only after the services have been provided and the expense has been paid.

Minimum Annual Election: \$250

Maximum Annual Election: \$5,000

### Common Examples of Eligible Dependent Day Care FSA Expenses

After-school care or extended day programs

Nanny expenses

Baby-sitter inside or outside participant's household

Custodial or elder care expenses if the qualifying individual still spends at least 8 hours each day in the employee's household

Dependent Day Care center\* expenses/pre-kindergarten/nursery school expense

Expenses paid to a non-dependent relative of participant to care for the child

Summer day camp if the primary purpose of the expense is custodial in nature and not educational

**For a complete list of eligible expenses, please visit [www.americanfidelity.com](http://www.americanfidelity.com).**

*\*A Dependent Care Center is a place that provides care for more than six persons (other than persons who live there) and receives a fee, payment or grant for providing services for any of those persons, regardless of whether the center is run for profit.*

Regardless of whether you participate in the Dependent Day Care FSA under the Section 125 Plan or claim the Dependent Care credit on your income tax return, you must provide the IRS with the name, address and taxpayer identification number (TIN) or Social Security number of your dependent care provider(s) by completing either Schedule 2 of Form 1040A or Form 2441 and attaching it to your annual income tax return. Be sure that you follow the current instructions given by the IRS for preparing your annual income tax return. Failure to provide this information to the IRS could result in loss of the pre-tax treatment of your Dependent Day Care FSA contributions or loss of the Dependent Care Tax Credit.

## FSA Fund Availability

### Health FSA Account

Your full annual election is available to you on the first day of the plan year.

### Dependent Day Care FSA Account

Unlike the Health FSA, the entire elected amount is not available on the first day of the plan year, but rather as contributions are received.

## Important FSA Notes:

- **Flex Spending-Grace Period:** This option allows flex participants to access unused amounts remaining in their flex account at the end of a plan year to pay or reimburse expenses for qualified medical expenses incurred during a Grace Period of up to 2 months and 15 days following the end of the plan year for FSAs.
- Participants are allowed a 90-day run-off period after the plan year ends in which to submit claims for expenses that occurred during the plan year but were not yet submitted.
- If you are a new employee entering the 125 plan during a plan year, reimbursement is only available for services provided after you begin your participation in the 125 plan.
- If you are enrolled in the Health FSA and take a leave of absence during the plan year, you may:
  1. Prepay the contributions pre-tax, or
  2. Continue the contributions on an after-tax basis (pre-tax contributions may continue when you return to work), or
  3. Prorate the unpaid contributions over the remaining pay periods when you return to work.
- Failure to make all elected contributions will result in termination of your account as of the date contributions ceased.
- Health FSAs must comply with COBRA and offer COBRA continuation rights to qualified beneficiaries who lose Health FSA coverage as a result of termination of employment. This may only be offered upon termination of employment if you have a balance remaining in your Health FSA. The balance is calculated by subtracting the reimbursements made from the contributions received. You may choose to continue your contributions by either sending your contributions to your employer on an after-tax basis each pay period, or, you may choose to pre-tax the remaining contributions for the plan year from your severance pay. Expenses incurred while contributions are being made are eligible for reimbursement. The coverage may not continue beyond the current plan year. If you do not elect to continue the contributions on an after-tax basis, only expenses incurred during the period of employment are reimbursable. Coverage under the Health FSA ceases when the contributions cease.

# Flexible Spending Accounts

## Filing a Claim

### Filing a Claim

American Fidelity gives you the convenience of submitting your claim in various ways!

1. Download AFmobile™ from the App Store<sup>SM</sup> or from the Google Play™ store to submit claims while on-the-go.
2. Use our secured Online Service Center to submit claims at [www.americanfidelity.com/MyAccount](http://www.americanfidelity.com/MyAccount).
3. Mail the completed Expense Reimbursement Voucher and documentation to the address located on the bottom of the voucher.
4. Fax your completed Expense Reimbursement Voucher and documentation toll-free to 888-243-2638.

The Dependent Day Care expense reimbursement will be for the qualified expenses provided limited to the amount you have in your account. If the Dependent Day Care qualified expense claim is in excess of your account balance, the balance of the claim will be paid to you as additional contributions are received.

### Direct Deposit

By selecting to have your reimbursements deposited directly into to your bank account you can get your reimbursements faster without having to wait for the check to arrive in the mail. Each time a reimbursement is deposited into your bank account, you will be mailed an Explanation of Benefits that shows the deposit as well as a summary of your account.

### Accessing Your FSA

By visiting American Fidelity's web site [www.americanfidelity.com](http://www.americanfidelity.com) you will have a wealth of information available to you without the use of any customer IDs or passwords. Through the public site you have access to:

- Claim forms
- Section 125 Flex Reimbursement Forms
- Customer FAQs
- Contact information

### Secure Account Management Tools

American Fidelity's Online Service Center is a convenient, secure web site that gives you access to information regarding your American Fidelity account. Available any time of day from home, work or any computer with Internet access, the Online Service Center provides valuable options.

- Check claim status
- Review detailed insurance policy information
- Access Health FSA information and balances
- Submit address changes
- Submit reimbursement claims or documentation for Health FSA cards

### American Fidelity's Customer Care Team for AWD

American Fidelity believes in making it easy for you. This is why we provide one number for all your customer service needs. You can call into our Customer Care Team, to speak with a live representative, for claim questions or status, policy inquiries, questions about your flex account, and much more. Our customer service representatives stand by ready to assist you with any questions or needs you may have. Simply call 800-437-1011.