What is a Flexible Spending Account (FSA)?
An FSA is an IRS tax-favored account that helps you to stretch your healthcare and dependent care dollars.

FSAs feature:
- IRS-approved reimbursement of eligible expenses tax-free
- Per-pay-period deposits from your pre-tax salary
- Savings on income and Social Security taxes
- Security of paying anticipated expenses with your FSA

Is an FSA Right for Me?
If you spend any money on recurring eligible expenses during your plan year, you may save money by paying for them with an FSA. A portion of your salary is deposited into your FSA each pay period.

- Decide the amount you want deposited.
- You are reimbursed for eligible expenses before income and Social Security taxes are deducted.
- Save income and Social Security taxes each time you receive wages.
- Determine your potential savings with a tax savings analysis by visiting the “tax calculators” link at www.wageworks.com/myhcfsa and www.wageworks.com/mydcfsa.

What Types of FSAs Are Available?
The School District of Palm Beach County offers you a Healthcare FSA as well as a Dependent Care FSA. If you incur both types of expenses during a plan year, you can establish both types of FSAs.

Healthcare FSAs
Medical expenses not covered by your insurance plan may be eligible for reimbursement using your Healthcare FSA, including:
- breast pumps
- eyeglasses
- orthodontia

Dependent Care FSAs (day care/elder care)
Dependent care expenses, whether for a child or an elder, include any expense that allows you to work, such as:
- day care services
- in-home care
- nursery and preschool
- summer day camps

Refer to the Healthcare FSA and Dependent Care FSA sections of this reference guide for specifics on each type of FSA.

Receiving Reimbursement
Your reimbursement will be processed within five business days from the time your properly completed and signed claim form is received. To avoid delays, follow the instructions for submitting your requests located in the FSA materials you will receive following enrollment.

FSA Grace Period
An IRS Revenue Notice permits a “grace period” of two months and 15 days following the end of your 2016 plan year (December 31, 2016) for an FSA. This grace period ends on March 15, 2017. During the grace period, you may incur expenses and submit claims for these expenses. Funds will be automatically deducted from any remaining dollars in your 2016 healthcare or Dependent Care FSA.

You should not confuse the grace period with the plan’s “run-out period”. The run-out period extends until March 31, 2017. This is a period for filing claims incurred anytime during the 2016 plan year, as well as claims incurred during the grace period mentioned above.

Claims will be processed in the order in which they are received, and your accounts will be debited accordingly. This is true for both paper claims and WageWorks® Healthcare Card transactions. If you have funds remaining in an account for the prior plan year, these funds will be used first until exhausted. Then subsequent claims will be debited from your new plan year account balance.

Direct Deposit
Enroll in direct deposit to expedite the time of your reimbursement.

- FSA reimbursement funds are automatically deposited into your checking or savings account within 48 hours of your claim approval.
- There is no fee for this service.
- You don’t have to wait for postal service delivery of your reimbursement (however, you will receive notification that the claim has been processed).

To apply, visit www.wageworks.com or call WageWorks Customer Service, Mon - Fri, 8 a.m. - 8 p.m. ET at 1-855-428-0446. PLEASE NOTE that processing your FSA direct deposit
enrollment may take between four and six weeks.

Where Can I Get Information About FSAs?
If you have specific questions about FSAs, contact the Customer Service department. Visit www.wageworks.com or call WageWorks Customer Service Mon - Fri, 8 a.m. - 8 p.m. ET 855-428-0446. PLEASE NOTE that your account information will not be discussed with others without your verbal or written authorization.

FSA Guidelines:
1. The IRS does not allow you to pay your medical or other insurance premiums through either type of FSA.
2. You cannot transfer money between FSAs or pay a dependent care expense from your healthcare FSA or vice versa.
3. You have a 90-day run-out period (until March 31, 2017) at the end of the plan year for reimbursement of eligible FSA expenses incurred during your period of coverage and any applicable grace period within the 2016 plan year.
4. You may not receive insurance benefits or any other compensation for expenses that are reimbursed through your FSAs.
5. You cannot deduct reimbursed expenses for income tax purposes.
6. You may not be reimbursed for a service that you have not yet received.
7. You may only be reimbursed for expenses incurred while you are actively enrolled and making contributions.
8. Be conservative when estimating your medical and/or dependent care expenses for the 2016 plan year. IRS regulations state that any unused funds that remain in your FSA after a plan year and any applicable grace period ends, and all reimbursable requests have been submitted and processed, cannot be returned to you or carried forward to the next plan year.
9. When enrolling in either or both FSAs, written notice of agreement with the following will be required:
   • I will only use my FSA to pay for IRS-qualified expenses eligible under my employer’s plan, and only for my IRS-eligible dependents and myself.
   • I will exhaust all other sources of reimbursement, including those provided under my employer’s plan(s), before seeking reimbursement from my FSA.
   • I will not seek reimbursement through any additional source.
   • I will collect and maintain sufficient documentation to validate the foregoing.

What Documentation of Expenses Do I Need to Keep?
The IRS requires FSA customers to maintain complete documentation, including keeping copies of statements, invoices or bills for reimbursed expenses, for a minimum of one year. This also applies to WageWorks® Healthcare Card transactions as well.

How Do I Get the Forms I Need?
Log in to www.wageworks.com to obtain:
• Claim forms
• A letter of medical need
• Direct deposit form
For more information, refer to the getting answers section of this Reference Guide or call WageWorks Customer Service at 855-428-0446 for further assistance.

Will Contributions Affect My Income Taxes?
Salary reductions made under a cafeteria plan, including contributions to one or both FSAs, will lower your taxable income and taxes. These reductions are one of the money-saving aspects of starting an FSA. Depending on the state, additional state income tax savings or credits may also be available. Your salary reductions will reduce earned income for purposes of the federal Earned Income Tax Credit (EITC).

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax adviser and/or the IRS for additional information.

FSA Savings Example*

<table>
<thead>
<tr>
<th>(With FSA)</th>
<th>(Without FSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$31,000</td>
<td>$31,000</td>
</tr>
<tr>
<td>- 2,500</td>
<td>- 0</td>
</tr>
<tr>
<td>$28,500</td>
<td>$31,000</td>
</tr>
<tr>
<td>$6,455.25</td>
<td>- 7,021.50</td>
</tr>
<tr>
<td>$22,044.75</td>
<td>$23,978.50</td>
</tr>
<tr>
<td>- 0</td>
<td>- 2,500</td>
</tr>
<tr>
<td>$22,044.75</td>
<td>$21,478.50</td>
</tr>
</tbody>
</table>

By using an FSA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That’s a potential annual savings of **$566.25**!

* Based upon a 22.65 percent tax rate (15 percent federal and 6.2 percent Social Security and 1.45 percent Medicare) calculated on a calendar year.

Did You Read About:
How an FSA works?
Direct deposit?
The grace period?
What is a Healthcare FSA?
A Healthcare FSA is an IRS tax-favored account you can use to pay for your eligible medical expenses not covered by your insurance or any other plan. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax-free. A partial list of these eligible expenses can be found on the next page.

Whose expenses are eligible?
Your Healthcare FSA may be used to reimburse eligible expenses incurred by:
• yourself
• your spouse
• your qualifying child
• your qualifying relative

An individual is a qualifying child if he or she is not someone else’s qualifying child and:
• is a U.S. citizen, national or a resident of the U.S., Mexico or Canada;
• has a specified family-type relationship to you;
• lives in your household for more than half of the taxable year;
• is 18 years old or younger (25 years, if a full-time student) at the end of the taxable year; and,
• has not provided more than one-half of their own support during the taxable year.

An individual is a qualifying relative if he or she is a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:
• has a specified family-type relationship to you, is not someone else’s qualifying child and receives more than one-half of his or her support from you during the taxable year; or,
• if no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire taxable year and receives more than one-half of his or her support from you during the taxable year.

NOTE: There is no age requirement for a qualifying child if he or she is physically and/or mentally incapable of self-care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a Healthcare FSA.

Can Travel Expenses for Medical Care Be Reimbursed?
Travel expenses primarily for, and essential to, receiving medical care, including healthcare provider and pharmacy visits, may be reimbursable through your Healthcare FSA. With proper substantiation, eligible expenses can include:
• actual round-trip mileage
• parking fees
• tolls
• transportation to another city

Are Prescriptions Eligible for Reimbursement?
Yes, most filled prescriptions are eligible for Healthcare FSA reimbursement, as long as you properly substantiate the expense. Proper submission of the reimbursement request is needed to ensure that the drug is eligible for reimbursement. The IRS requires that the complete name of all medicines and drugs be obtained and documented on pharmacy invoices (including prescription number, date(s) of service and total dollar amount). This information must be included when submitting your request for reimbursement.

Over-the-Counter Reimbursement Rules
Under the Patient Protection and Affordable Care Act (PPACA) Over-the-Counter (OTC) drugs and medicines require a prescription from a doctor to qualify for reimbursement. For

Minimum annual deposit: $300
Maximum annual deposit: $2,550

Visit www.wageworks.com for a list of frequently asked questions (FAQs).
You must keep your documentation for a minimum of one year and submit it upon request.
example, this includes such items as digestive aids, allergy and sinus drugs, pain relief, cold medicines, cough medicines, laxatives, motion sickness and stomach remedies, sleep aids, cold sore, anti-diarrheal and anti-gas meds, anti-itch items, baby rash creams, insect bite treatments, respiratory treatments and anti-infective medications.

Be sure to review your enrollment materials carefully and check www.wageworks.com regularly for updates.

Is Orthodontic Treatment Reimbursable?
Orthodontic treatment designed to treat a specific medical condition is reimbursable through your Healthcare FSA if the proper documentation is provided:

• a written statement, bill or invoice from the treating dentist/orthodontist showing the type and date the service was incurred, the name of the eligible individual receiving the service, the cost for the service and

• a copy of the patient’s contract with the dentist/orthodontist for the orthodontia treatment (only required if a participant requests reimbursement for the total program cost spread over a period of time).

Reimbursement of the full or initial payment amount may only occur during the plan year in which the braces are first installed. For reimbursement options available under the School District of Palm Beach County’s plan, including care that extends beyond one or more plan years, refer to the information provided following your enrollment, or call WageWorks Customer Service at 1-855-426-0446.

When Are My Funds Available?
Once you sign up for a Healthcare FSA and decide how much to contribute, the maximum annual amount of reimbursement for eligible healthcare expenses will be available throughout your period of coverage.

Since you don’t have to wait for the cash to accumulate in your account, you can use it to pay for your eligible healthcare expenses at the start of your deductions.

Should I Claim My Expenses on IRS Form 1040?
With a Healthcare FSA, the money you set aside for healthcare expenses is deducted from your salary before taxes. It is always tax-free, regardless of the amount. By enrolling in a Healthcare FSA, you guarantee your savings.

Itemizing your healthcare expenses on your IRS form 1040 may give you a different tax advantage, depending on their percentage of your adjusted gross income. You should consult a tax professional to determine the avenue that is right for you.

Partial List of Medically Necessary Eligible Expenses*

- Acupuncture
- Ambulance service
- Birth control pills and devices
- Breast pumps
- Chiropractic care
- Contact lenses (corrective)
- Dental fees
- Diagnostic tests/health screening
- Doctor fees
- Drug addiction/alcoholism treatment
- Drugs
- Experimental medical treatment
- Eyeglasses
- Guide dogs
- Hearing aids and exams
- In vitro fertilization
- Injections and vaccinations
- Nursing services
- Optometrist fees
- Orthodontic treatment
- Prescription drugs to alleviate nicotine withdrawal symptoms
- Smoking cessation programs/treatments
- Surgery
- Transportation for medical care
- Weight-loss programs/meetings
- Wheelchairs
- X-rays

NOTE: Budget conservatively. No reimbursement or refund of Healthcare FSA funds is available for services that do not occur within your plan year and grace period.

* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply and will be supplied to you following enrollment.
Are Some Expenses Ineligible?
Expenses not eligible for reimbursement through your Healthcare FSA include:
• insurance premiums;
• vision warranties and service contracts; and,
• cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition. Limitation and exclusions apply for over-the-counter medications.

When Do I Request Reimbursement?
You may use your Healthcare FSA to reimburse eligible expenses after you have sought (and exhausted) all means of reimbursement provided by the School District of Palm Beach County and any other appropriate resource. Also keep in mind that some eligible expenses are reimbursable on the date available, not the date ordered.

How Do I Request Reimbursement?
Requesting reimbursement from your Healthcare FSA is easy. Simply fax or mail a correctly completed claim form along with the following:
• an invoice or bill from your healthcare provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided or
• an explanation of benefits (EOB)* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost; and
• a written statement from your healthcare provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the invoice or bill for the service.

PLEASE NOTE that canceled checks or credit card receipts (or copies) listing the cost of eligible expenses are not valid documentation for Healthcare FSA reimbursement.

Fax TOLL-FREE to: 1-855-291-0625
Mail to: WageWorks
Claims Administrator-FBWW
P.O. Box 14326
Lexington, KY 40512

* EOBs are not required if your coverage is through an HMO.

EZ RECEIPTS
Managing your healthcare benefits is easier than ever with WageWorks. Wherever life takes you – whether it’s commuting to work, taking care of your family’s health or managing a child’s or dependent’s daycare – you know you can count on WageWorks to make it more affordable.

Now, with our enhanced EZ Receipts® mobile application, we’ve made it faster and more convenient. EZ Receipts enables you to submit healthcare claims and to upload receipts for healthcare transactions right from your smartphone, access help features right at your fingertips and get immediate email confirmations for claims.

No more filling out forms and mailing them in – easily submit claims and receipts online. Just pick up your smartphone to manage your WageWorks Health Care FSA or Dependent Care FSA account with the EZ Receipts Mobile App. EZ Receipts is compatible with iPhone, Android and Blackberry.

With EZ Receipts You Can:
• File a Claim or Submit a Receipt and get reimbursed fast
• Use the Shortcut Buttons to speed your way through the process
• Get easy access to transactions
• Check your current Health Care FSA and Dependent Care FSA account balance
• Submit WageWorks Health Care FSA Debit Card receipt
• Have your daycare provider sign directly in the App

Here’s How It Works:
2. Snap a picture of your receipt on your mobile phone with the EZ Receipts mobile application.
3. EZ Receipts will automatically submit your receipt to WageWorks for reimbursement. You can use the EZ Receipts mobile App with any FSA account. That’s it! EZ Receipts does the rest!

To download the App and learn more, go to www.wageworks.com/aboutmobile.

Did You Read About:
Who is eligible to participate?
Eligible medical expenses?
How to request reimbursement?
What Is the WageWorks® Healthcare Card?
The WageWorks® Healthcare Card is a stored-value card. It is a convenient medical expense FSA reimbursement option that allows electronic reimbursement of eligible expenses under the School District of Palm Beach County’s plan and IRS guidelines. Your annual Healthcare FSA contribution is available to you at the beginning of your plan year.

When you use the WageWorks® Healthcare Card to pay for eligible expenses, funds are electronically deducted from your Healthcare FSA. The WageWorks® Healthcare Card is a convenient way to access your health FSA funds; however, the IRS still requires substantiation of service. Please keep this in mind as you seek services and use the WageWorks® Healthcare Card. Always request that your service provider give you a detailed statement of service. You will be notified of any reimbursement requiring that you submit a claim and documentation to satisfy the IRS requirement.

When Do I Send in Documentation for a WageWorks® Healthcare Card Expense?
You must send in documentation for certain WageWorks® Healthcare Card transactions, such as those that are not a known office visit or prescription copayments (as outlined in your health plan’s schedule of benefits). When requested, you must send in documentation for these transactions. Documentation for an WageWorks® Healthcare Card expense is a statement or bill showing:

- name of the patient
- name of the service provider
- date of service
- type of service (including prescription name) and
- total amount of service.

NOTE: This documentation must be sent with a properly completed claim form and cannot be processed without it. Like all other FSA documentation, you must keep the WageWorks® Healthcare Card expense documentation for a minimum of one year and submit it when requested.

What Agreement Am I Making When I Use the WageWorks® Healthcare Card?
By using the WageWorks® Healthcare Card, you are agreeing to the “FSA Guidelines” portion of this Reference Guide on page 68.

What Are the WageWorks® Healthcare Card Advantages?
• Instant reimbursements for healthcare expenses, including prescriptions, copayments and mail-order prescription services;
• Instant approval of some medical, vision and dental expenses (others require documentation);
• No out-of-pocket expense; and,
• Easy access to your Healthcare FSA funds.

NOTE: You cannot use the WageWorks® Healthcare Card for cosmetic dental expenses or eyeglass warranties.

How Do I Get a WageWorks® Healthcare Card?
You will automatically receive the WageWorks® Healthcare Card. One card will be sent to you in the mail. You may visit www.wageworks.com to order a card for your spouse or eligible dependent. You should keep your card to use each plan year until its expiration date. You will have to activate your card. There are no fees for using the card!

How Do I Use the WageWorks® Healthcare Card?
For eligible expenses, simply swipe the WageWorks® Healthcare Card like you would with any other credit card at your healthcare provider or at an IIAS certified merchant. Whether at your healthcare provider or drugstore, the amount of your eligible expenses will be automatically deducted from your Healthcare FSA. To locate an IIAS certified merchant near you, see the IIAS FAQs at www.wageworks.com.

What Happens If I Have Money Left in My Account at the End of the Plan Year?
As long as you submit a paper claim form, the funds left in your account from the prior plan year will be used first until the account has been exhausted through March 15, 2017, which is the grace period allowed by the IRS. Then subsequent claims will be debited from your new plan year account balance. For more information on the grace period, see page 67.
**WageWorks® Healthcare Card**

**I used the WageWorks® Healthcare Card at the Doctor’s Office. Now What?**

No documentation is required if you only paid an established copayment. For all other expenses, be prepared to submit a legible copy of a statement, bill or invoice which must be included with your online claim with the following information:

- the date service(s) was received
- the name of the person(s) for whom the service(s) was provided
- the type of service(s) rendered
- the name and address of the provider and the cost of the service(s).

We’ve made it easy for you to send in confirmation for your WageWorks® Healthcare Card purchases. Simply complete the online claim form at [www.wageworks.com](http://www.wageworks.com) with your detailed invoice. You can check the status of your WageWorks® Healthcare Card transactions online.

Visit [www.wageworks.com](http://www.wageworks.com) and log in to view all of your account information.

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### Healthcare FSA Reimbursement Comparison - Plastic vs. Paper!

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<thead>
<tr>
<th>WageWorks® Healthcare Card</th>
<th>Paper Reimbursement</th>
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<tbody>
<tr>
<td>• Service must occur during benefit period: 01/01/16 to 12/31/16</td>
<td>• Service must occur during benefit period: 01/01/16 to 12/31/16</td>
</tr>
<tr>
<td>• Deadline for services is 12/31/16</td>
<td>• Deadline for services is 12/31/16</td>
</tr>
<tr>
<td>• Use it or lose it rule applies</td>
<td>• Use it or lose it rule applies</td>
</tr>
<tr>
<td>• Card can be used for eligible dental, medical and vision services. Insurance is not required, but if you have insurance coverage card may be used after insurance has been utilized.</td>
<td>• Account can be used for eligible dental, medical and vision services. Insurance is not required. If you have insurance coverage, request reimbursement for out-of-pocket expenses after insurance has been utilized.</td>
</tr>
<tr>
<td>• Dependent expenses are eligible.</td>
<td>• Dependent expenses are eligible.</td>
</tr>
<tr>
<td>• Claim form and documentation must be submitted when using the card (except for certain copays).</td>
<td>• In order to receive reimbursement, a bill, statement or invoice must always accompany your claim form.</td>
</tr>
<tr>
<td>• Co-pays for known medical office visit and prescription services no longer require documentation to be submitted for substantiation.</td>
<td>• Documentation must be submitted by 03/31/17.</td>
</tr>
<tr>
<td>• All documentation should be kept by the employee for up to one year as the IRS requires documentation to be submitted upon their request.</td>
<td></td>
</tr>
<tr>
<td>• Documentation must be submitted by 03/31/17.</td>
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</tbody>
</table>

A card can be suspended when documentation is not received or is incomplete, when card transaction is deemed ineligible, or when transaction is highlighted on your monthly statement. Documentation can be accumulated and sent periodically or all at the same time, provided it is all sent by the deadline mentioned above and it is for the current plan year only.

Documentation must include: patient name, type of service, date, provider and total amount (who, what, when, where and how much). Documentation must include: patient name, type of service, date, provider and total amount (who, what, when, where and how much).

Claim forms must be submitted with documentation. Visit [www.wageworks.com](http://www.wageworks.com) to download a claim form. Claim forms must be submitted in order to receive reimbursement. Visit [www.wageworks.com](http://www.wageworks.com) to download a copy.

Card resets 12/31 each year and reloads 01/01 of each year with your new annualized amount. (FSAs require annual re-enrollment). Account terminates 12/31 of each year and with new enrollment renews 01/01 of each year.

If your card is suspended due to outstanding card transactions, you will experience a payback deduction through your payroll. Reimbursement request is rejected if proper documentation is not provided.

Tax-free savings PLUS no out-of-pocket funds spent, no reimbursement wait time and no money spent on postage. Tax-free savings.

- Example of an eligible payment card expense that does not require documentation: $25 copay for medical office visit.
- Example of an eligible payment card expense that does require documentation: purchase eye glasses from Lens Crafters.

- Example of eligible reimbursable expense: 10% coinsurance for outpatient surgery.