

Flexible Spending Account FAQs

*These questions and answers are designed to give you a summary of some of the plan's highlights. For a complete description of your benefits please refer to the "Flexible Spending Account Summary" document in the **Resource Library** of the Benefits Web site. If there are any differences between this information and the Summary, the Summary will govern.*

Plan Information

What is a flexible spending account (FSA), and why does it matter to me?

Flexible spending accounts allow you to pay for certain health care or dependent day care expenses using before-tax contributions from your paycheck.

Because your contributions are made before taxes are withheld, you reduce your taxable income and the amount of taxes you pay. You also make your health care and dependent day care dollars go further.

What types of flexible spending accounts are available to me?

There are two types of flexible spending accounts available to you: health care and dependent day care.

Health care FSAs reimburse your eligible medical expenses not covered by your health care plans, plus certain over-the-counter drugs and medicines. You use this account to pay these expenses for yourself and your dependents, even if they are not covered by a Stanford health care plan.

Dependent day care FSAs pay for child care or adult dependent day care expenses that are necessary to allow you and your spouse to work, seek employment, or attend school full-time.

How do I participate in a flexible spending account?

To participate, you must enroll within 31 days of your date of hire, or elect to participate during annual open enrollment.

If you have a life event change (having a baby, for example) you may be able to enroll without waiting for annual open enrollment. You must enroll within 31 days of the change (see the *Life Event* section of the Benefits Web site for more information).

Who can I cover under the Dependent Day Care Spending Account?

You can cover dependents who meet the requirements as defined in *IRS Publication 503* [<http://www.irs.gov/pub/irs-pdf/p503.pdf>]. We also suggest you review Part III of the *Flexible Spending Account Summary* document, which is located in the **Resource Library** of the Benefits Web site.

Generally speaking, you can cover:

1. a dependent up to age 13, and whom you can claim as an exemption on your Federal Income Tax return;
2. your spouse (not a domestic partner) who was physically or mentally not able to care for himself or herself;
3. your dependent who is physically or mentally not able to care for himself or herself and whom you can claim as an exemption (subject to certain criteria).

Can I cover my domestic partner (or my partner's children) under the Dependent Day Care Spending Account?

Domestic partners are not eligible dependents for the Dependent Day Care Spending Account. Your partner's children, however, may be covered provided they meet the eligibility requirements as described in the *Flexible Spending Account Summary*, which is located in the **Resource Library** of the Benefits Web site. You can also look at these requirements in *IRS Publication 503* [<http://www.irs.gov/pub/irs-pdf/p503.pdf>].

When is my flexible spending account effective?

Your FSA becomes active on the **date you enroll**. Unlike most other Stanford benefits, it does not start on your hire date.

Contributions to your account begin as soon as administratively possible.

What is the maximum amount I can contribute to a flexible spending account?

The health care FSA maximum is \$5,000.

The dependent day care FSA maximum is \$5,000 per family, per plan year (\$2,500 if you are married and filing separate Federal income tax returns).

Does my flexible spending account election roll-over each year?

No. You must re-enroll in flexible spending accounts each year during annual open enrollment if you wish to maintain a dependent and/or health care account. Because you make a new election each year you have the opportunity to change the amount you elect.

Filing a Claim and Getting Reimbursed

How do I get reimbursed from a flexible spending account?

You can be reimbursed from your FSA by submitting a claim form. For a health care FSA you can also use the FSA debit card.

Submitting a Claim

- **Get** an itemized bill or Explanation of Benefits (EOB) for the services provided.
- **Download** the appropriate **FSA Claim Form** for either the Health Care or Dependent Day Care Flexible Spending Account. Find FSA claim forms in the **Resource Library**.
- **Complete** the claim form and attach the required documentation and fax to (678) 762-5900 or (866) 392-4090, or mail your form to:
ADP Claims Processing
P.O. Box 1853
Alpharetta, GA 30023-1853

The IRS does *not* allow cancelled checks, credit card statements, or balance-due statements as supporting claims documentation with your claim form.

Reimbursements are processed daily. Reimbursement checks are payable to you, not to the provider. You also have the option of having your reimbursement directly deposited to your bank account.

Using the FSA Debit Card – You will automatically be issued a debit card for the amount of your annual contribution. You can use your card with any provider who accepts it. Be sure to save all receipts when using your debit card. Our FSA administrator, ADP, may ask for a copy of your receipts to validate (“substantiate”) your purchase. These occasional requests are required by law.

For questions about your claims payment, call ADP (800) 654-6695.

Can I use my FSA debit card to pay for mail order pharmacy purchases?

Yes. However, make sure to keep your receipts since ADP will ask you to complete an **FSA Substantiation Form**.

Most of the time using your FSA debit card saves you from having to submit additional paperwork in order to receive reimbursement for expenses. Unfortunately, mail order pharmacies have not implemented the new technology required by the IRS that proves the purchase is valid for the FSA debit card purchase.

Fax or mail the **FSA Substantiation Form** and receipts to ADP. You can find the form in the **Resource Library**.

How do I set up direct deposit for reimbursements?

To have your reimbursement deposited directly into your bank account, go to **www.flexdirect.adp.com**. Log in under the Participant Login section. You will be asked to set up a participant profile. This profile is where you indicate that you would like reimbursements deposited. Follow the directions on the screen.

If you do not use a computer, call ADP (800) 654-6695 and ask to have an Automated Direct Deposit Authorization Form mailed to you. Fill out and return the form to ADP.

What happens if I have money remaining in my account at the end of the year?

You have until April 30 of the following year to submit claims for services you received during the time you had the account. You forfeit any money left in your account at the end of the April 30 filing period.

What can I do if a reimbursement check is lost or expires?

If your reimbursement check is lost in the mail or expires before you cash it, call ADP and ask about getting a new reimbursement check. You may need to complete the form and mail it back to ADP. **There are time limits on issuing replacement checks, so we recommend you resolve this problem as soon as you find out about it.**

Important Information

What happens to my flexible spending accounts if I take of leave of absence?

Your options depend on whether or not your leave is paid, or unpaid.

Paid Leave – If you are on a paid leave of absence, you **cannot** cancel your health care FSA. It stays in place and works just like you were still at work. Payroll deductions continue, and you can submit any claims that occur while you are on your leave.

If you have a dependent day care FSA, this account will be “frozen” while you are on your leave. You cannot submit any claims that occur during your leave. When you come back from your leave, your account will be reinstated. Your paycheck contributions to this account will be changed so you meet your original election amount by the end of the year.

Unpaid Leave – If you go on an unpaid leave you have the option of continuing your health care FSA, or canceling it.

If you decide to continue your health care FSA you will be billed on an after-tax basis for your contributions. Your account will work the same as if you are not on leave, and you can submit any claims that occur while you are on your leave.

If you decide to cancel your account you must do so within 31 days of the start of your leave. Any claims that occur while you are on your leave cannot be submitted for reimbursement. When you return from your leave you will be offered the opportunity to make a new election.

Your dependent day care FSA will be “frozen.” See above under Paid Leave.

What are the advantages of a flexible spending account versus the Federal income tax deduction?

Because flexible spending accounts give you the opportunity to pay for your eligible expenses using before-tax dollars, there is no need to itemize your expenses on your tax return.

Flexible spending accounts also allow you to pay for eligible expenses before tax without the need to meet the higher percentage of your gross income on your federal tax return in order to claim the deduction. Remember, any expenses reimbursed via your flexible spending account cannot be deducted on your federal income tax return.

Are there any advantages of using a dependent day care flexible spending account over the Child Care Credit on my Federal income tax return?

IRS Publication 503 can help you determine whether a flexible spending account or the Child Care Credit on your tax return is best. The IRS will not allow you to receive two tax breaks on the same expenses.

I participate in the Stanford Child Care Subsidy Grant program. Does this impact my dependent day care flexible spending account?

Stanford's Child Care Subsidy Grant (CCSG) is simply a Stanford contribution to your dependent day care flexible spending account. Once the CCSG money is in your dependent day care FSA you use it as if you had contributed the money and file claims for reimbursement of your child day care expenses. Remember, any unclaimed funds at the end of the plan year are forfeited unless you submit claims by the April 30 deadline.

My spouse's employer also offers flexible spending accounts. Does this impact my flexible spending accounts at Stanford?

There is no impact to your health care FSA election. Both you and your spouse may elect up to the maximum amounts available. Just remember that you cannot submit the same claim to both accounts (no double-dipping).

The dependent day care FSA maximum is governed by the IRS. You and your spouse must make sure not to elect a combined amount greater than \$5,000 for a calendar year.

Can I continue using my flexible spending account when I leave Stanford?

You may be eligible to continue using your health care flexible spending account when you leave Stanford. Our COBRA administrator, The Vita Companies, will notify you of your eligibility.

You are not allowed to continue your dependent day care flexible spending account when you leave Stanford. However, if you have a balance in your account when you leave, you are allowed to submit expenses for the rest of the calendar year until your balance is used up.