

**NEWTOWN BOARD OF EDUCATION
FLEXIBLE BENEFIT PLAN ADMINISTRATION
With
TR PAUL INC.**

**TO: Our Employees
RE: Flexible Spending Account Plan**

We are pleased to announce the open enrollment of the Flexible Spending Account Plan effective July 1, 2017. This plan is regulated by the Internal Revenue Service under IRS Code Sections 125 and 129 and it allows you to set aside a portion of your income before taxes are withheld to cover health care premium contributions and anticipated unreimbursed health and dependent day care expenses. You reduce your gross earnings subject to tax; your tax liability is reduced and your spendable income increases as a result. The Flexible Spending Account will run from July 1, 2017 through June 30, 2018. You may enroll in the Newtown Board Flexible Spending Account plan even if you do not participate in the Newtown Board of Education insurance plan. However, you must be eligible for the Newtown Board of Education benefits in order to enroll in the Flexible Spending Account(s).

- **YOU MUST COMPLETE A NEW ENROLLMENT FORM EACH YEAR. YOUR CURRENT PAYROLL DEDUCTIONS ARE NOT AUTOMATICALLY CARRIED FORWARD.**
- **PLEASE NOTE IF YOUR HEALTH INSURANCE PLAN IS A HIGH DEDUCTIBLE HSA WITH NEWTOWN BOARD OF EDUCATION (OR IF YOU AND/OR YOUR SPOUSE ARE INSURED WITH AN HSA WITH YOUR SPOUSE'S EMPLOYER) , YOU WILL NOT BE ABLE TO ENROLL IN THE MEDICAL FLEXIBLE SPENDING ACCOUNT PLAN. THE IRS REGULATIONS WILL NOT ALLOW YOU TO CONTRIBUTE TO AN HSA AND ALSO ENROLL IN A GENERAL PURPOSE MEDICAL FLEXIBLE SPENDING ACCOUNT. YOU MAY, HOWEVER, ENROLL IN THE DEPENDENT DAY CARE ACCOUNT WITH EITHER NEWTOWN BOARD OR YOUR SPOUSE'S EMPLOYER, BUT YOU CANNOT EXCEED THE \$5,000 DEPENDENT DAY CARE CALENDAR YEAR FAMILY MAXIMUM ESTABLISHED BY THE IRS.**
- **THE DEADLINE FOR SUBMITTING YOUR COMPLETED FLEXIBLE BENEFIT FORM FOR THE NEW PLAN YEAR IS JUNE 1, 2017. PLEASE SEND COMPLETED FORMS TO DENISE HORNYAK AT THE CENTRAL OFFICE.**
- **DO NOT DESTROY YOUR BENNY CARD WHEN YOUR ACCOUNT BALANCE REACHES ZERO. THE SAME CARD CAN BE USED FOR 3 YEARS SO BE SURE TO CHECK THE EXPIRATION DATE. IF YOUR BENNY CARD IS EXPIRING, A NEW CARD WILL BE MAILED TO YOU BEFORE THE EXPIRATION DATE. DO NOT DESTROY THE OLD CARD UNTIL YOU RECEIVE YOUR NEW CARD.**
- **THE MAXIMUM CONTRIBUTION AMOUNT IS \$1,500 FOR THE FLEX MEDICAL SPENDING. IF YOUR SPOUSE'S EMPLOYER OFFERS A FLEXIBLE SPENDING ACCOUNT, YOU CAN BOTH ENROLL FOR THE NEWTOWN BOARD MAXIMUM AND YOUR SPOUSE'S EMPLOYER'S MAXIMUM.**

**TR PAUL INC.
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SHARON THOMPSON AT EXT. 257
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QUESTIONS ABOUT THIS PLAN?

You may contact Sharon Thompson @ TR Paul (800) 678-8161 Ext 257 or email sthompson@trpaul.com

GENERAL PURPOSE MEDICAL FLEX SPENDING ACCOUNTS

- The annual amount you elect is available to you from the first day of the plan year – regardless of your contributions. Expenses must qualify as “eligible” according to the IRS rules. The annual amount you elect will be divided by 26 pay periods.
- “Eligible” expenses are incurred within the Flex plan year (7/1/17-6/30/2018) and must meet the IRS’ definition of “medically necessary”. This would include expenses for the prevention, diagnosis, treatment or mitigation of a disease or illness.
- Medical expenses for your dependents are eligible BUT **ONLY IF** you claim that dependent on your Federal Income Tax return or if they meet eligibility as defined in the Affordable Care Act.
- If you or your spouse are making pre-tax payroll contributions to a Health Savings Account (HSA), you cannot also participate in a general purpose medical Flex Spending Account.
- The elections for flex medical spending cannot be combined with elections for dependent day care (or vice-versa).
- Flex benefits end upon termination of employment.
- The only time you can change your election is during open enrollment OR if you have an IRS qualified status change event (to include marriage, divorce, legal separation, annulment, a change in hours from full-time to part-time or vice versa, returning from an unpaid leave of absence. The change in your election must be consistent with the event that triggered the change (e.g., birth of a child would allow you to increase your election to allow for the new expenses).
- You cannot file the same expenses through your Federal Income Tax return or an HSA account.
- **CLAIM TIME FILING LIMIT: All expenses must be INCURRED no later than June 30th and you will have until September 30th to submit them for reimbursement if you did not use your Flex Benny card to pay for them. Funds remaining in the account after September 30th will be forfeited.**

BENNY CARD RULES



- You cannot use “new” flex dollars to pay for an old outstanding bill that you owe. Expenses must be INCURRED within the plan year.
- You cannot use “new” or “prior year” flex dollars to “pre-pay” for a service that has not been rendered.
- You may receive a “receipt request” notification after you have used your Benny card. Do not ignore this request. If you fail to respond, the IRS requires that we deactivate your card. Mistaken transactions must be repaid to the account.

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DEPENDENT DAY CARE ACCOUNTS

- The maximum dependent day care election is \$5,000. This is a **family** maximum. If your spouse participates in a day care plan through another employer, your combined contributions cannot exceed \$5,000 in a calendar year. If you are married and file a separate tax return, the maximum is \$2,500.
- **You must INCUR your day care expenses no later than June 30th and submit them for reimbursement no later than September 30th.**
- **You and your spouse must both be employed or actively seeking employment or attending school full time. If your spouse has no income, you cannot use this account.**
- The dependent child must be under 13 years old and must qualify as a dependent under federal tax rules. In addition, the dependent must spend at least 8 hours per day in your home.
- An eligible dependent may also include your mentally or physically impaired spouse or a dependent that is incapable of caring for himself or herself (for example, an invalid parent).
- The services may be provided inside or outside your home but not by someone who is your minor child or dependent for income tax purposes (for example, an older child) or a spouse.
- The provider of services MUST claim the payments as INCOME. You will be required to provide a Tax ID# or Social Security Number for the individual providing the services.
- The services must be incurred to enable you or you and your spouse if you are married to be employed. **If you do not have full custody, you can only claim expenses for the time period when you have custody of the child(ren) and the expenses are necessary so you can go to work.**
- Services must be for the physical care of the child and do not include education, meals or transportation or registration fees for camps or special classes.
- **Expenses cannot be reimbursed before the services have been rendered.** For example, the summer camp may require payment in advance or a deposit in advance, but the expenses cannot be reimbursed to you until the child actually completes the camp.
- Contributions are available as deductions are taken from payroll. This is a “pay as you go” account and the account will not advance money prior to payroll contributions.
- The following expenses ARE eligible: Child care centers, family day care providers, babysitters, nursery schools, caregivers for a disabled dependent or spouse who lives with you, nanny services.
- The following expenses ARE NOT eligible: Dependent day care expenses provided to one of your dependents by a family member unless the family member is over the age of 19 and will not be claimed as a dependent, expenses for food and/or clothing and/or registration fees are NOT eligible, Education expenses from kindergarten on are NOT eligible, overnight camps are NOT eligible.
- Once you make your election, you may not be able to change it mid-year unless you have a qualified IRS regulated status change event (as described on the previous page). In addition, the dependent day care account does offer a “change in the cost” status change event.

Know Your Health Care FSA Eligible and Ineligible Expenses

Maximize the Value of Your Reimbursement Account - Your Health Care Flexible Spending Account (FSA) dollars can be used for a variety of out-of-pocket health care expenses, including copays, deductibles and coinsurance amounts that are not covered by your medical, dental and/or vision insurance plan. The following is based on a partial list of expenses determined as eligible by the IRS:

Eligible Expenses

BABY/CHILD TO AGE 13

- Lactation Consultant*
- Lead-Based Paint Removal
- Special Formula*
- Tuition: Special School/Teacher for Disability or Learning Disability*
- Well Baby /Well Child Care

DENTAL

- Dental X-Rays
- Dentures and Bridges
- Exams and Teeth Cleaning
- Extractions and Fillings
- Oral Surgery
- Orthodontia*(Call TR Paul for info)
- Periodontal Services

EYES

- Eye Exams
- Eyeglasses and Contact Lenses
- Laser Eye Surgeries
- Prescription Sunglasses
- Radial Keratotomy

HEARING

- Hearing Aids and Batteries
- Hearing Exams

LAB EXAMS/TESTS

- Blood Tests and Metabolism Tests
- Body Scans
- Cardlograms
- Laboratory Fees
- X-Rays

MEDICAL EQUIPMENT/SUPPLIES

- Air Purification Equipment*
- Arches and Orthotic Inserts
- Contraceptive Devices
- Crutches, Walkers, Wheel Chairs
- Exercise Equipment*
- Hospital Beds*
- Mattresses*
- Medic Alert Bracelet or Necklace
- Nebulizers
- Orthopedic Shoes*
- Oxygen*
- Post-Mastectomy Clothing
- Prosthetics
- Syringes
- Wigs*

MEDICAL PROCEDURES/SERVICES

- Acupuncture
- Alcohol and Drug/Substance Abuse (inpatient treatment and outpatient care)
- Ambulance
- Fertility Enhancement and Treatment
- Hair Loss Treatment*
- Hospital Services
- Immunization
- In Vitro Fertilization
- Physical Examination (not employment-related)
- Reconstructive Surgery (due to a congenital defect, accident, or medical treatment)
- Service Animals
- Sterilization/Sterilization Reversal
- Transplants (Including organ donor)
- Transportation*

MEDICATIONS

- Insulin
- Prescription Drugs

OBSTETRICS

- Breast Pumps and Lactation Supplies
- Doulas*
- Lamaze Class
- OB/GYN Exams
- OB/GYN Prepaid Maternity Fees (reimbursable after date of birth)
- Pre- and Postnatal Treatments

PRACTITIONERS

- Allergist
- Chiropractor
- Christian Science Practitioner
- Dermatologist
- Homeopath
- Naturopath*
- Optometrist
- Osteopath
- Physician
- Psychiatrist or Psychologist

THERAPY

- Alcohol and Drug Addiction
- Counselling (not marital or career)
- Exercise Programs*
- Hypnosis
- Massage*
- Occupational
- Physical
- Smoking Cessation Programs*
- Speech
- Weight Loss Programs* (Treating Medical Disease or Illness only)

Note: This list is not meant to be all-inclusive, as other expenses not specifically mentioned may also qualify. Also, expenses marked with an asterisk (*) are "potentially eligible expenses" that require a Note of Medical Necessity from your health care provider to qualify for reimbursement. For additional information, check your Summary Plan Document or contact your Plan Administrator.