



# Instructions for using your Flexible Spending Accounts

Medical Care Flexible  
Spending Accounts

Dependent Care Flexible  
Spending Accounts

FAQ's

Requesting Reimbursement

Account Balance

Customer Service

## WHAT IS A FLEXIBLE SPENDING ACCOUNT (FSA)?

Under current IRS regulations, an FSA allows you to set aside pre-tax dollars to reimburse you for out-of-pocket medical and/or dependent care expenses. You elect an annual amount and the money is divided by the number of pay periods in a plan year and deducted from your paycheck pre-tax. **Pre-tax benefits can help you save 25% - 30%** on items and services you currently purchase!

	Without Account	With Both Accounts
Weekly Earnings	\$ 500.00	\$ 500.00
Account Deposits	\$ 0.00	\$ 20.00 (medical) \$ 96.15 (dependent care) <b>\$ 116.15 (Total)</b>
Taxable Wages	\$ 500.00	\$ 383.85
Taxes Federal 15% FICA 7.65% State 5%*  *Not all states permit pre-tax withholdings for FSA contributions.	\$ 138.25	\$106.13
Expense (after tax)	\$ 116.15	\$ 0.00
Net Take Home Pay	\$ 245.60	\$ 277.72
Weekly Savings		<b>\$ 32.12</b>
Annual Savings		<b>\$ 1,670.24</b>

*The tax savings above are for illustrative purposes only.*

## WHO CAN PARTICIPATE?

All benefit-eligible employees.

- You do not need to be enrolled in your organization's health plan to participate.
- You may also use the Medical FSA for expenses associated with your qualified dependents. Your dependents do not need to be enrolled in your health plan to participate in the FSA. See your Summary Plan Description for more information on qualified dependents.

## THERE ARE TWO TYPES OF ACCOUNTS

Your employer may offer one or both accounts and you may elect to participate in either or both accounts. The two accounts work differently.

- **Medical Care FSA**
  - Your employer sets the maximum and/or minimum contribution amounts.
  - You may be reimbursed up to your annual election any time during the plan year.
  - Be sure to elect an amount that you are sure you'll use because any monies left over will be forfeited.
  - This account is to reimburse you for eligible out-of-pocket medical expenses for you, your IRS-defined spouse and qualified dependents.
  - See the list of eligible expenses accompanying this brochure.
- **Dependent Care FSA**
  - You may use the Dependent Care Flexible Spending Account if you (or you and your spouse, if married) require dependent care so that you and your spouse can work, or so that you can work and your spouse can attend school full-time.
  - If you or your spouse work part-time or attend school full-time, your maximum annual election may be limited. Please refer to your employer's Summary Plan Description for more information.

- You may request reimbursement of eligible expenses for a child who has not yet reached their 13th birthday and who is your IRS-defined dependent.
  - You may also request reimbursement of eligible expenses for a spouse, older child or other individual who is an IRS-defined dependent and is physically or mentally incapable of caring for him/herself. (For example, elder care is an eligible expense if provided for your IRS-defined dependent so that you can work.)
  - Your pre-tax withholdings for this account will be shown in Box 10 of your W-2. You will need to complete IRS Form 2441 with your annual tax return.
  - The IRS sets the maximum (\$5,000 for a single parent or if you are married and file a joint tax return; \$2,500 if you are married and you and your spouse file separate tax returns).
  - You may request reimbursement for expenses up to the amount you have contributed to your account.
  - Be sure to elect an amount that you are sure you'll use because any monies left over will be forfeited.
- **Expenses Eligible for Reimbursement:**
    - Before and after-school care
    - Pre-school
    - Day camps
    - Wages paid to a childcare provider in your home, including employment taxes
    - Child care center
    - Fees charged by a child care provider working out of his or her home
    - Fees charged by your child care provider for transportation to/from place of care
  - **Ineligible Dependent Care Expenses:**
    - Kindergarten
    - Child support payments
    - Overnight camp
    - Deposits for services not incurred
    - Activity fees
    - Meals
    - Incidental babysitting

## FREQUENTLY ASKED QUESTIONS

**May I change my election mid-year?** The IRS prohibits election changes unless you have a qualifying event. A qualifying event is any one of the following life events:

1. You gain or lose a dependent through:
  - Birth, death, marriage, divorce, separation, adoption or a change in eligibility because of age or dependent status.
2. You gain or lose responsibility for a dependent's medical or daycare expense due to a court order.
3. You gain or lose eligibility for the plan during the plan year.
4. If your spouse loses employment, you may enroll in or increase your Medical FSA.

*\*This is a summary of current IRS regulations. Your employer's Summary Plan Description details when and if you may change your elections under the plan.*

**When can I make changes to my Dependent Care Account?** In addition to the qualifying events above, you may also make changes to your Dependent Care Account when there is a change in cost, a change in provider, or a change in the number of hours needed for care.

**What if I lose my check?** Call GDI's Accounting Team at 1-800-626-3539.

**May I transfer money from a Dependent Care FSA to a Medical FSA?** No. IRS regulations prohibit such transfers.

**What happens if my employment terminates?**

**1. Medical FSA**

- You are eligible to submit reimbursement requests for services incurred up to and including your last day of work. You have until the end of the plan year's run-out period to submit receipts for these expenses.
- You may have the option to elect COBRA to extend the coverage period for your Medical FSA.

**2. Dependent Care**

- You may continue to submit reimbursement requests for services incurred through the end of the plan year in order to exhaust the balance in your account at the time of termination.

**Do I need to report an FSA on my taxes?** If you participate in the Dependent Care FSA, you must file IRS Form 2441 with your annual tax return. There is no obligation to file any additional forms on behalf of your Medical FSA.

**What about the IRS Child Care Credit?**

Obtain a copy of IRS Form 2441 and review the amount of credit due to you in your income bracket. Generally speaking, employees with combined family adjusted gross income of \$40,000 and higher save more by participating in a Dependent Care FSA.

## REQUESTING REIMBURSEMENT

1. Print an FSA Reimbursement Request form from [www.gdynamic.com](http://www.gdynamic.com)
2. Complete the form and be sure to:
  - Sign the form
  - Attach receipts and/or itemized statements
3. Fax, mail or email the form and receipts to GDI:
  - Fax: 207-781-3841
  - Mail: 411 US Route One, Falmouth, ME 04105
  - Email: [claims@gdynamic.com](mailto:claims@gdynamic.com)
4. Requests received by noon (Eastern Time) Tuesday are paid each Thursday.

If you have any questions about FSAs, please visit [www.gdynamic.com](http://www.gdynamic.com), or call GDI at 1-800-626-3539.

## CHECKING YOUR ACCOUNT BALANCE

1. Visit [www.gdynamic.com](http://www.gdynamic.com)
  - Select My Account
  - PIN: Assigned by GDI
  - If you need assistance, please call our Reimbursement Team at the number below.
2. Call our Reimbursement Team
  - 1-800-626-3539 or 207-781-8800

**Our Reimbursement Team is available Monday through Friday, 8:00 AM - 5:00 PM Eastern Time**

You may leave a message during non-business hours and your call will be returned by 10 AM the following business day.

# Medical FSA Eligible Expenses

The list below includes generally eligible IRS Code Section 213 expenses. **Items marked with a \*** require a copy of a current prescription (written on a prescription pad). The prescription must be submitted each time a request for reimbursement is submitted for these items.

**REMEMBER:**

1. All services must be provided by a licensed practitioner.
2. Stockpiling of supplies is prohibited by the IRS.
3. Services must be rendered or items purchased during the plan year (or grace period, if applicable).
4. You must use your flex account money during the plan year (or grace period, if applicable) or it is forfeited.

Acupuncture  
Alcoholism treatment program fees  
Allergy medicine \*  
Ambulance service  
Antacids \*  
Anti-Diarrhea medicine \*  
Artificial limbs

Bandages  
Braille books and magazines  
*(above the cost of regular print)*

Car Modifications for equipment installed for the use of a person with a disability  
Childbirth classes  
*(mother's costs only)*  
Chiropractic care  
Christian Science practitioner fees  
Co-insurance charges  
Co-payments  
Cold medicine \*  
Cold/Hot packs for injuries  
Contact lenses  
*(including cleanser and saline solution)*  
Cough drops \*  
Crutches

Deductible expenses  
Dental expenses  
*(non-cosmetic services only)*  
Dentures  
Diabetic supplies  
Dietary Supplements \*  
Drug addiction treatment at a therapeutic center

Eye drops \*  
Eye exams  
Eyeglasses

First aid kit

Gauze pads  
Guide dog or other animal used by a person with a physical disability

Hearing aids/batteries  
Hemorrhoid medications \*  
Herbs \*  
Hospital fees

Immunizations  
Incontinence supplies  
Insulin

Lasik Surgery  
Laboratory fees  
Laxatives \*  
Learning disability *(fees paid to a special school or a specially trained tutor for a child with severe learning disabilities caused by mental or physical impairments, provided that the child's physician recommends that the child attend the school or be tutored)*

Massage therapy *(only if prescribed by a physician for a specific diagnosis and provided by a licensed massage therapist)*  
Medical services provided by physicians, surgeons, and specialists *(non-cosmetic services only)*  
Mileage related specifically to transportation to/from an eligible medical appointment  
Motion-sickness medications \*

Nasal Spray \*  
Nicotine gum or patches \*

Ointments for muscle or joint pain or for first aid purposes \*  
Operations  
Optical care provided by Optometrists, Ophthalmologists or Opticians  
Organ transplants  
Orthodontics  
Orthotic Inserts  
Osteopathic treatment  
Oxygen

Pain relief medications \*  
Physical exams  
*(unless employment related)*  
Physical therapy  
Prescription drugs  
Prosthesis  
Psychiatric care  
Psychoanalysis  
Psychological treatment  
Pre-natal vitamins \*  
Pregnancy test kits

Reading glasses  
Rubbing Alcohol \*  
Radial Keratotomy

Sales tax payable for eligible services or items  
Sinus medicines \*  
Smoking cessation programs  
Special foods *(prescribed by a physician at costs in excess of the costs of commonly available products)*  
Special schools for a mentally impaired or physically disabled person if the primary reason for using the school is its resources for relieving the disability *(e.g. a school that teaches Braille to a visually impaired child or teaches American Sign Language to a hearing impaired child)*  
Suppositories \*

Thermometers

Vaccines  
Vitamins \*

Wheelchair costs

X-rays



THIRD PARTY ADMINISTRATION

# Medical FSA Expense Estimator

## ELIGIBLE OVER-THE-COUNTER ITEMS:

Allergy medicines *	Laxatives *
Antacids *	Motion-sickness medicines *
Anti-diarrhea medicines *	Nasal Spray *
Bandages	Ointments for muscle or joint pain or for first aid *
Cold/flu medicines *	Pain Relief medicines *
Cold/hot packs	Pre-natal Vitamins *
Cough Drops *	Pregnancy Test Kit
Dietary Supplements *	Reading Glasses
Eye Drops *	Rubbing Alcohol *
First Aid Kit	Sinus Medicines *
Gauze Pads	Suppositories *
Hemorrhoid medicines *	Thermometers
Herbs *	Vitamins *
Incontinence Supplies	

\*Items marked with a \* require a copy of a current prescription (written on a prescription pad). The prescription must be submitted each time a request for reimbursement is submitted for these items.

### Some Important Points...

- You can be reimbursed for out-of-pocket expenses incurred by you, your IRS-defined spouse and children, even if health insurance coverage is from another source.
- The money you choose to set aside must be used toward eligible expenses during your plan year (or grace period, if applicable) or it is forfeited.
- Remember you save taxes on each dollar you set aside for the account!

**Questions? 1-800-626-3539**

Email: [clientservices@gdynamic.com](mailto:clientservices@gdynamic.com)

[www.gdynamic.com](http://www.gdynamic.com)



THIRD PARTY ADMINISTRATION

## GENERAL MEDICAL EXPENSES

Allergy Care	\$ _____
Deductible or Coinsurance	\$ _____
Diabetic Supplies	\$ _____
Hearing Aids & Batteries	\$ _____
Lab or X-ray	\$ _____
Massage Therapy *	\$ _____
Office Visit co-pays	\$ _____
Orthopedic Inserts	\$ _____
Over-the-counter Items	\$ _____
Pharmacy co-pays	\$ _____
Preventive Care	\$ _____
Psychotherapist	\$ _____
<b>TOTAL GENERAL MEDICAL</b>	<b>\$ _____</b>

\* Massage Therapy: A note of medical necessity is required.

## DENTAL EXPENSES

Bridges	\$ _____
Crowns	\$ _____
Dentures	\$ _____
Fluoride Treatment	\$ _____
Orthodontia ( <i>Adult or children</i> )	\$ _____
Teeth Cleaning	\$ _____
Fillings	\$ _____
<b>TOTAL DENTAL</b>	<b>\$ _____</b>

## VISION EXPENSES

Eye Glasses ( <i>Prescription or OTC Reading Glasses</i> )	\$ _____
Contact Lenses	\$ _____
Contact Lens Solution	\$ _____
Vision Exam	\$ _____
Lasik Surgery	\$ _____
<b>TOTAL VISION</b>	<b>\$ _____</b>

**GRAND TOTAL** \$ \_\_\_\_\_

Multiply Grand Total by 27% for a rough estimate of payroll tax savings.

## October 1, 2010 Update: Over-the-Counter Drugs & Medicines

We appreciate your patience as we keep up with this moving target! Our most recent Alert indicated that an Rx number would be required for the reimbursement of over-the-counter drugs and medicines as of January 1, 2011. We are pleased to announce the following update to this process:

GDI will accept a current copy of a prescription (written on a prescription pad) for purposes of reimbursing over-the-counter drugs and medicines. A "note of medical necessary" will not be a valid form of substantiation as of January 1, 2011.

As a reminder:

- Insulin, medical devices, bandages, contact lens solution, etc. continue to remain eligible for reimbursement without a prescription.
- All medicines and drugs (including those available over-the-counter) require a prescription as of January 1, 2011 for reimbursement from a Medical FSA or HRA. GDI will process claims of this type with a current copy of a prescription that has been written on a prescription pad. The prescription must be submitted with each reimbursement request for OTC drugs & medicines.
- Benny Card participants will not be able to use the card to pay for OTC drugs & medicines at IIAS merchants as early as January 1, 2011 and no later than January 15, 2011.
- GDI has updated its Medical FSA Eligible Expense list to accommodate these changes. Please discard all copies that do not have "Jan2011 REV" as a footnote.

Please call GDI's Reimbursement Team or Client Services Team at 1-800-626-3539 for more information.

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[www.gdynamic.com](http://www.gdynamic.com)

To view your account activity select:






[My Account](#)

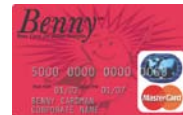
**User ID:** Your social security number

**PIN:** Assigned by GDI\*

\*If you lose your PIN, please call our Reimbursement Team at 800-626-3539 and a representative can assist you.

Here are some more valuable tools  
you can find on our website:

-  [FSA Claim Form](#)
-  [Participant Resources](#)
-  [Tax Savings Calculator](#)
-  [List of Eligible Expenses](#)
-  [FAQ's](#)



## *It's Your Choice!*

### **Introduction to the Benny™ Card**

The Benny™ Card is an alternative to submitting “paper claims” for reimbursement of eligible Medical Flexible Spending Account (FSA) expenses. The Card is simple to use when paying for office visit co-pays, prescription drug co-pays, balances remaining after your insurance has paid and certain “over the counter” health care products.

Here are the steps for obtaining and using the Benny™ Card:

- At open enrollment, make an election to participate in the Medical FSA and select the Benny™ Card option. (Please note that you may only choose the Benny™ Card when you first enroll in the Medical FSA or during open enrollment.)
- If you are responsible for paying the yearly card fee, this cost will be deducted from your annual Medical FSA election.
- You will receive two cards (both in your name) that look and work like credit cards.
- When you incur eligible expenses, you give the card to the provider and the cost is deducted from your Medical FSA balance.
- **SAVE RECEIPTS!!** If a transaction needs to be substantiated, you'll receive a letter from Group Dynamic, Inc. requesting the itemized receipt for the transaction(s) in question. If you do not respond within the time period indicated in the letter, your Benny™ Card will be temporarily suspended until we receive the requested documentation or the funds to reimburse the plan for the transaction(s).

#### **Some Special Notes about using the Benny™ Card:**

- You should not use the Benny Card “up front” for services that may be fully or partially reimbursed by your (or your spouse’s) medical insurance.
- Your Benny™ Card can be used **ONLY** for dates of service within the current plan year.
- Do not use the Benny™ Card for pre-payment of services. Pay for the service via another means and submit a paper claim once service has been received.
- **DO NOT** discard the Benny™ Card once you have been reimbursed your annual Medical FSA election. The same card will be used each plan year.

If you have questions about the Benny™ Card, please call us at 1-800-626-3539.



## Benny™ Card Substantiation

- The Benny™ Card is a tool for Medical FSA claim payments. It protects your cash flow, BUT the process is not paperless. Therefore, it is important for participants to save receipts from ALL card transactions.
- IRS Revenue Ruling 2003-43 governs substantiation requirements for debit card use and dictates that “charges other than matched co-payments, recurring expenses and real-time substantiation are treated as conditional pending confirmation of the charges through additional third-party verification.”
- GDI will mail participants a letter requesting documentation for services that require substantiation.
- IRS regulations require card de-activation if the required documentation is not received by the date indicated in the letter.
- The chart below displays the types of situations where substantiation will be required and those where no follow up is required.

Type of Charge on Benny™ Card	Substantiation Required	No Follow-up Required
Matched Co-pays		●
Transactions at IIAS-certified merchants*		●
Recurring Expenses	1 time only	<b>No further substantiation required if subsequent transactions are at the same merchant for the same dollar amount.</b>
Dental Care	●	
Vision Care	●	
Medical Care	●	

\*For a list of IIAS certified merchants: [www.gdynamic.com](http://www.gdynamic.com).