

**TRUMBULL BOARD OF EDUCATION
FLEXIBLE SPENDING ACCOUNT PLAN 2020-2021
Administered by
TR PAUL INC.**

TO: Our Employees

RE: Flexible Spending Account Plan

NEW → IRS INCREASES MED FLEX TO \$2,750/ROLLOVER TO \$550

We are pleased to announce the open enrollment of the Flexible Spending Account Plan effective July 1, 2020. 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, 2020 through June 30, 2021.**

- **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 THE SEPARATE HSA BANK ACCOUNT (EVEN IF THAT COVERAGE IS THROUGH YOUR SPOUSE'S EMPLOYER), YOU WILL NOT BE ABLE TO ENROLL IN THE FLEXIBLE SPENDING ACCOUNT PLAN. **THE IRS REGULATIONS WILL NOT ALLOW YOU TO CONTRIBUTE TO AN HSA AND ALSO ENROLL IN A GENERAL PURPOSE FLEXIBLE SPENDING ACCOUNT PLAN.**
- **THE DEADLINE FOR SUBMITTING YOUR COMPLETED FLEXIBLE BENEFIT FORM FOR THE NEW PLAN YEAR IS JUNE 11, 2020.** PLEASE MAIL COMPLETED FORMS TO: TRUMBULL BOARD OF EDUCATION, ATTN CHRISTINE MADDEN – INSURANCE, 6254 MAIN STREET, TRUMBULL, CT 06611 OR SCAN AND EMAIL TO OPENENROLLMENT@TRUMBULLPS.ORG
- DO NOT DESTROY YOUR FLEX VISA CARD UNTIL AFTER YOU RECEIVE YOUR REPLACEMENT FOR AN EXPIRING CARD. CARDS DO NOT EXPIRE EVERY YEAR. AS THE EXISTING CARDS EXPIRE, THE "BENNY CARDS" ARE BEING REPLACED BY OUR VENDOR'S RE-BRANDED CARD (SEE EXAMPLE ON PAGE 2)
- REMINDER: THE \$550 ROLLOVER OPTION APPLIES ONLY TO THE MEDICAL FLEX SPENDING AND NOT THE DEPENDENT DAY CARE ACCOUNT.
- THE MAXIMUM CONTRIBUTION AMOUNT IS \$2,750 FOR THE FLEX MEDICAL SPENDING. IF YOUR SPOUSE'S EMPLOYER OFFERS A FLEXIBLE SPENDING ACCOUNT, YOU CAN BOTH ENROLL FOR THE MAXIMUM OF \$2,750. THE DEPENDENT DAY CARE MAXIMUM REMAINS AT \$5,000 FOR THE CALENDAR YEAR AND THIS IS A FAMILY MAXIMUM.
- YOU CAN PARTICIPATE IN THE MEDICAL FLEX REIMBURSEMENT ACCOUNT AND/OR THE DEPENDENT DAY CARE ACCOUNT EVEN IF YOU DO NOT ENROLL IN TRUMBULL BOARD OF EDUCATION'S HEALTH INSURANCE PLAN.

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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 equally for 20 pay periods.
- “Eligible” expenses are incurred within the Flex plan year (7/1/20-6/30/2021) 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, you cannot also participate in a general purpose medical Flex Spending Account. You cannot file the same expenses through an HSA and a General Purpose Flex 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).
- **\$550 ROLLOVER: If you overestimate your expenses in any year, you can avoid forfeiture in the medical flex spending account by rolling over the left-over dollars from one plan year to the next (to a maximum of \$550). The \$550 rollover is not offered for the dependent day care account.**
- As the current Visa (“Benny”) cards slowly expire, they will be replaced by the new re-branded Visa cards that look like this. Please check the expiration date on your card.



- 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. If you are married and file a separate tax return, the maximum is \$2,500.
- **There is NO rollover option or grace period extension for the dependent day care account so be sure to make a conservative election for this account.**
- **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.