

FLEXIBLE SPENDING ACCOUNT ENROLLMENT KIT



What is a Flexible Spending Account?

A Flexible Spending Account (FSA) allows individuals to use pre-tax dollars for health care or child/dependent care expenses not covered by insurance plans. Participants contribute a portion of their paychecks to a FSA and save 25% to 40% in taxes. Money in a FSA account can be used to pay for out-of-pocket medical expenses or dependent care expenses.

Before enrolling in an FSA, decide how much to contribute to each account for the entire Plan Year. An equal part of the annual election is deducted from each paycheck pre-tax (before Federal, State, and FICA taxes are deducted). After incurring qualified expenses, submit claims to Rocky Mountain Reserve for reimbursement via check or direct deposit.

Know the Rules:

- Contributions are subject to the "use-it-or-lose-it" rule. Unclaimed monies are forfeited at the end of the plan year. Employer's may adopt a provision allowing up to a \$500 roll over of unused monies that would then not be forfeited.
- Elections are irrevocable during the plan year, unless the participant has a change of status. IRS Regulations define a change of status.
- Expenses must be incurred by participants or eligible dependents during the current plan year and while participating. Medical expenses are incurred when care is received and not when paid.
- Only eligible expenses can be reimbursed. Eligible expenses are defined by Internal Revenue Code §213(d) and the employer's plan. Expenses generally include items for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.
- Only "out-of-pocket" expenses are eligible for reimbursement. Expenses covered by insurance or any other plan or program are not eligible for reimbursement.

- Expenses for general well being such as cosmetic surgery are not eligible for reimbursement.
- Expenses reimbursed under the health FSA may not be used to claim any federal income tax deduction or credit.
- The annual health FSA election amount is available at any time during the plan year.



Tax Savings Examples:



Dave, a single taxpayer, earns \$27,000 per year, and has eligible medical expenses of \$1,200 per year.

Dave's annual savings realized by participating in the FSA is **\$327**.

Michael and Sharon, working parents, earn a total of \$48,000 per year. They have \$5,000 in child care expenses and \$1,000 per year in eligible medical expenses.

Their annual savings realized by participating in the FSA is **\$1,637**.

Assumptions are based off of 15% Federal, 4.63% State, and 7.65% FICA tax

ELIGIBLE EXPENSES

The term "medical care" means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.



Common Eligible Medical Expenses:

- Acupuncture
- Ambulance
- Bandages
- Birth control pills
- Breast pumps
- Chiropractor
- Coinsurance, deductibles
- Contact lenses
- Crutches, splints, casts
- Dental treatment
- Diagnostic devices
- Eyeglasses, eye exams, sunglasses (prescription)
- Eye surgery
- Fertility enhancement
- HMO expenses
- Hearing aids, batteries, and exams
- Hospital services
- Immunizations, vaccines, flu shots
- Laboratory fees
- LASIK eye surgery
- Medicines (prescribed)
- Obstetric services
- Optometrist
- Orthodontia
- Prescription drugs
- Psychiatric care
- Psychologist
- Speech therapy
- Stop smoking programs
- Surgery/operations
- Therapy
- Vasectomy
- Wheelchair
- X-rays

Over-The-Counter Items:

- Band-aids/bandages
- Cold/hot packs for injuries
- Condoms
- Contact lens solutions
- Diabetic supplies
- First aid kits
- Medical alert bracelets/necklaces
- Pregnancy test kits
- Thermometers

Health Care Reform & Over-the-Counter DRUGS:

Over-the-Counter Medicine and Drugs require a **Prescription** to be eligible for reimbursement under the plan.

- Allergy medications
- Antacids
- Anti-diarrhea medicine
- Bug-bite medication
- Cold medicine
- Cough drops and throat lozenges
- Diaper rash ointments
- Hemorrhoid medication
- Incontinence supplies
- Laxatives
- Muscle/joint pain products/rubs
- Nicotine medications, gum, patches
- Pain relievers
- Sinus medications, nasal sprays, nasal strips
- Sleep aids
- Wart removal medication

Dual Purpose Expenses That Potentially Qualify:

The expense must be for a spe-

cific medical reason and be accompanied by a **Prescription**.

- Massage therapy
- Vitamins
- Supplements
- Herbal supplements
- Natural medicines
- Aromatherapy
- Weight-loss program
- Health club dues

Ineligible Expenses:

- Cosmetic surgery
- Long term care
- Feminine care
- Hair transplant/re-growth
- Maternity clothes
- Nutritional supplements
- Personal use items: such as toiletries, cotton swabs, tooth brush, facial care, shampoo
- Teeth whitening
- Drunk driving classes
- Kindergarten tuition expenses



Dependent Care Eligible Expenses:

- A dependent receiving care must be a child under the age of 13, or a tax dependent unable to provide for their own care, who resides with you. The care must be necessary for you or your spouse to be gainfully employed or to go to school. Care may be provided by anyone other than your spouse or your children under the age of 19. Expenses for schooling, kindergarten, overnight care, and nursing homes are not reimbursable.

- The maximum you can elect, in a calendar year, is equal to the smallest of the following:
 - \$5,000 – Married and filing federal taxes jointly or a single parent
 - \$2,500 – Married and filing separate federal tax return
- The amount contributed year-to-date, is available for reimbursement.



These are only examples and this list is not all-inclusive - it only provides some of the more common expenses. We recommend that you check with our office to clarify any expense or questions.

ACCESS TO YOUR FUNDS



Claim Submission

Participants may file requests for reimbursement directly to Rocky Mountain Reserve through fax, mail, e-mail, or by uploading them directly through the participant website. Disbursements are issued by **check** or **direct deposit**. Claim Forms and Direct Deposit Authorization Forms are online at www.RockyMountainReserve.com.

Fax: (866.557.0109)

E-mail: claims@r mrbenefits.com

Mail: PO Box 631458 Littleton, CO 80163

Mobile Applications

Mobile applications for smart-phones and tablets are available on both the *Apple* and *Android* platforms. Search for "**RMR Benefits**" in the app store.

Benefits of Using the Debit Card

- Easy to use- the Benefits Card is a stored value card that simplifies the process of paying for qualified expenses.
- Works at most healthcare related merchants where MasterCard is accepted.
- You spend only the pre-tax dollars in your healthcare FSA.
- It pays directly at the point of sale - No waiting for reimbursement!
- You can use it to pay for online mail-order prescriptions.

No Receipt Retailers

When you use your benefits card at an eligible merchant that has installed an inventory information approval system (IIAS), there will not be a need to substantiate the transaction with a receipt. IIAS ensures that you can only use the card for eligible items, and does away with the need to submit receipts* for verification after the purchase because the item has been verified at the check-out counter. Hundreds of retailers have installed this system and many more are joining all the time. Visit www.RockyMountainReserve.com for the latest list. **Please note: the debit card cannot be used to pay for over-the-counter drugs.** Below is a sample of some of the retailers who have installed the IIAS system:



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|------------------|-----------------|--------------|--------------------|
| • 1-800 Contacts | • CVS | • Rite Aid | • Walgreens |
| • Albertsons | • Drugstore.com | • Safeway | • Wal-Mart |
| • City Market | • King Soopers | • Sam's Club | • VisionDirect.com |
| • Costco | • Kroger | • Target | |

*It is recommended that participants retain a copy of all receipts for their own records

Save All Receipts For Purchases Made With The Benefit Card

Please remember to keep receipts for all purchases made with the Benefit Card. Per IRS regulations, Rocky Mountain Reserve may be required to request itemized receipts to verify the eligibility of purchases made with the card.



- All receipts or other proofs of purchase must include the date of service, name of provider, dollar amount, and a description of the purchased service or product.
- Any receipt that does not contain the detailed information described above is not acceptable. Credit card receipts and cancelled checks are not acceptable.
- If the requested receipt is lost or otherwise unavailable, most providers can provide a detailed statement documenting FSA eligible purchases. Explanation of Benefits (EOB's) are recommended receipts.
- We will have to request a receipt UNLESS the transaction matches a co-payment, a previously approved repetitive expense, or was at a merchant that has installed the Inventory Information Approval System (IIAS) referenced above.
- If a receipt is requested, Rocky Mountain Reserve will email a request within hours. Participants can mail, fax, email, or upload the receipt online.

WEBSITE INSTRUCTIONS



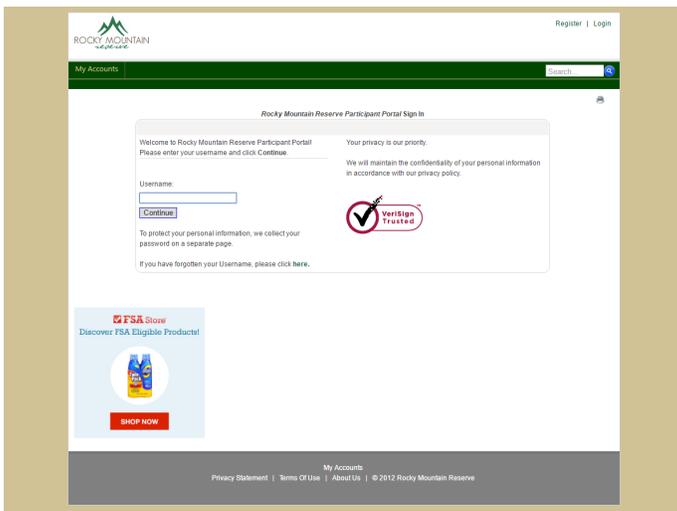
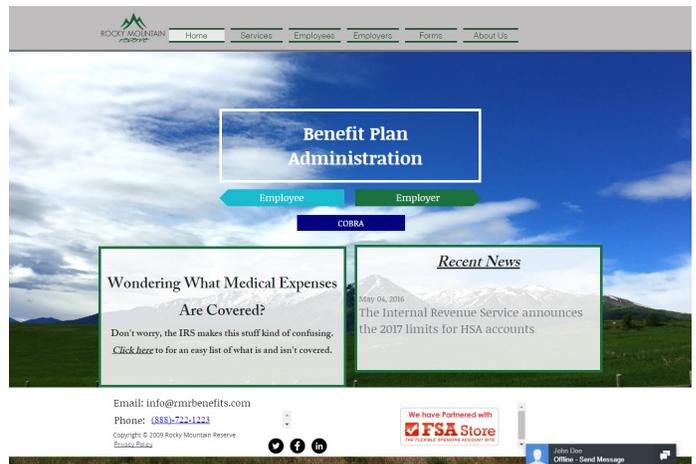
Online Access Includes:

- View balance
- View transaction history
- Order replacement benefit cards
- Generate claim form and upload receipts
- View receipt requests and upload receipts

TO Create Your Online Account:

1. Go to www.RockyMountainReserve.com
2. Select: Account Type
3. Select: Create Account
4. Follow the step-by-step instructions to setup your personal account by creating a User Name and Password
5. Log-in to your account

www.RockyMountainReserve.com



When Creating Your Account Please Note:

Username: is the individual creation you will always use to log into the website

Password: must be at least 8 characters with at least one letter and one number

Employee ID: is your Social Security Number

Card Number: is the number on the debit card mailed to you after your enrollment

For questions or problems logging into your account, please call our help center at: 888.722.1223.