Flexible Benefits Program & Flexible Spending Accounts
The Flexible Benefits Program offers you a substantial tax savings opportunity. It allows you to pay for eligible expenses using pre-tax dollars—money taken out of your paycheck before income or Social Security taxes have been deducted.

The Flexible Benefits Program has three components:

• **Automatic Before-Tax Health Care and Accident Insurance Contributions**
  If you enroll in the Boston University Health Plan, the Boston University Dental Health Plan, or elect coverage under the Personal and Family Accident Insurance Plan, your share of the cost for these plans will automatically be deducted from your paycheck on a before-tax basis.

• **Flexible Spending Account—Dependent Care**
  This account allows you to set aside before-tax dollars to help pay for day care services for your eligible dependents.

• **Flexible Spending Account—Health Care**
  This account allows you to set aside before-tax dollars to help pay for certain uninsured health care expenses. (If you are enrolled or enrolling in the BU Health Savings Plan, you should NOT enroll in the Flexible Spending Account plan of another employer, e.g., an employer of a spouse.)

Because of its tax-exempt features, the Flexible Benefits Program is strictly regulated by the federal government. If you would like to participate in the program, please read this section carefully, and also discuss how the program may benefit you with your own tax advisor or financial planner.

**Eligibility**
You are eligible to participate in the Flexible Benefits Program if you are a regular employee of the University and your annual base salary is $10,000 or more.

**How the Program Works**

The Flexible Benefits Program allows you to use your annual base salary to your best advantage. It offers the following components:

• **Automatic Before-Tax Health, Dental, and Accident Insurance Contributions**
  If you participate in the Boston University Health Plan, the Boston University Dental Health Plan, or elect coverage under the Personal and Family Accident Insurance Plan, you will automatically pay your insurance premiums with before-tax dollars. The Flexible Benefits Program does not change the eligibility, benefits, or other features of those plans; it just offers a way to pay the required employee premiums on a before-tax basis. (For information concerning these plans, read the “Health Plan,” “Dental Plan,” and “Survivor” sections of this handbook.)

• **Flexible Spending Account—Dependent Care**
  This voluntary reimbursement account is designed to help you pay for the cost of care for your eligible dependents.

• **Flexible Spending Account—Health Care**
  This voluntary reimbursement account is designed to help you pay for the cost of health care expenses not covered by a group insurance plan.

Under current tax laws, contributions to the Flexible Benefits Program are free from federal income taxes, state income taxes, and Social Security taxes.

**Participation**

**Automatic Before-Tax Health, Dental, and Accident Insurance Contributions**
If you elect coverage under any of the previously mentioned health, dental, and survivor insurance plans, your participation in this component of the Flexible Benefits Program is automatic. This means that your premium payments will be deducted from your paycheck using before-tax dollars.

**Flexible Spending Accounts (FSAs)**

**Eligibility**
You are eligible to participate in the Flexible Benefits Program if you are a regular employee of the University and your annual base salary is $10,000 or more.

**How the Program Works**

The Flexible Benefits Program allows you to use your annual base salary to your best advantage. It offers the following components:

• **Automatic Before-Tax Health, Dental, and Accident Insurance Contributions**
  If you participate in the Boston University Health Plan, the Boston University Dental Health Plan, or elect coverage under the Personal and Family Accident Insurance Plan, you will automatically pay your insurance premiums with before-tax dollars. The Flexible Benefits Program does not change the eligibility, benefits, or other features of those plans; it just offers a way to pay the required employee premiums on a before-tax basis. (For information concerning these plans, read the “Health Plan,” “Dental Plan,” and “Survivor” sections of this handbook.)

• **Flexible Spending Account—Health Care**
  This voluntary reimbursement account is designed to help you pay for the cost of health care expenses not covered by a group insurance plan.

Under current tax laws, contributions to the Flexible Benefits Program are free from federal income taxes, state income taxes, and Social Security taxes.

**Participation**

**Automatic Before-Tax Health, Dental, and Accident Insurance Contributions**
If you elect coverage under any of the previously mentioned health, dental, and survivor insurance plans, your participation in this component of the Flexible Benefits Program is automatic. This means that your premium payments will be deducted from your paycheck using before-tax dollars.

**Flexible Spending Accounts (FSAs)**

The open enrollment period for these accounts will be held each year from mid-November to mid-December or such other period as the Plan Administrator may specify.

If you enroll during an open enrollment period, your participation will become effective on the following January 1. If you are hired after the close of an open enrollment period, you will have 30 days from your benefit orientation date to enroll. In both cases, participation will continue through the following plan year:

- **FSA—Dependent Care Plan Year**—January 1 to December 31
- **FSA—Health Care Plan Year**—January 1 to December 31 with claims incurred until March 15 of the following year

When you complete a Flexible Spending Account enrollment, you must indicate the total amount of money you wish to put into the account during the plan year.

Once you have enrolled, your choices remain in effect until the next open enrollment period, unless:

- There is a Qualified Change in your family or employment status (examples of qualified changes are listed under “Changing or Stopping Your Contributions”), or
- You become ineligible to participate in the Flexible Benefits Program for any reason.

**Enrollment**

**Automatic Before-Tax Health and Accident Insurance Contributions**
You enroll in the Automatic Before-Tax Health, Dental, and Accident Insurance Contributions component of the Flexible Benefits Program at the same time you enroll in group coverage under the eligible health, dental, and accident insurance plans. Enrollment forms are available from Human Resources.
Contributions
Before-Tax Health, Dental, and Accident Insurance Contributions
Your contributions are your portion of the cost for your coverage under the health, dental, and accident insurance plans you elect. Maximum contributions under this component of the Flexible Benefits Program are the sum of your monthly premiums for the plan year.

Flexible Spending Account (FSA) Contributions
You may contribute up to $5,000 to the FSA—Dependent Care and up to $2,550 to the FSA—Health Care. However, tax law rules may limit your FSA—Dependent Care maximum (see the heading “Maximum Contributions” later in this section).

Changing or Stopping Your Contributions
Under current IRS regulations, you may change your participation status in the Flexible Benefits Program only during the annual open enrollment period or as the result of a Qualified Change in your family or employment status.

Qualified Changes include:
• Marriage
• Birth or adoption of a child
• Start or loss of your spouse’s employment
• Change in employment status (for you or your spouse) from part-time to full-time or from full-time to part-time
• Change in your childcare provider (Dependent FSA)
• Divorce
• Death of your spouse or other dependent
• Your death

• Unpaid leave of absence or sabbatical for you or your spouse
• The change in your participation or contributions must be because of and consistent with the Qualified Change and must meet all IRS requirements for changing your election. You may not change from one health plan option to another at any time other than the annual Open Enrollment Period. You will have 30 days from the date the Qualified Change occurs to notify Human Resources and make any changes.

Your change will generally become effective on the effective date of the qualifying event except as otherwise required by law.

Tax Advantages of the Program
The Flexible Benefits Program provides an opportunity for you to pay eligible health and dependent care expenses on a before-tax basis.

• Advantages for Dependent Care Expenses
  Under the Internal Revenue Code, you can obtain a tax advantage for dependent care expenses by paying for them with the tax-free dollars you put into your FSA—Dependent Care or by claiming them as a tax credit on your federal income tax return forms.

• Potential Impact on Your Social Security Income
  Your participation in the Flexible Benefits Program will have the effect of reducing your Social Security taxable wages by the value of your designated salary reduction amount. This results in an immediate tax savings to you. It could also serve to reduce your future Social Security benefits.

How Flexible Spending Accounts Work

• You estimate what your uninsured medical and/or dependent care expenses will be for the coming year, and designate that amount on the appropriate enrollment form. You should estimate conservatively because amounts not used for eligible expenses during a plan year must be forfeited (this is an IRS rule).

• The amount you elect to contribute will come out of your paycheck in equal installments for the remaining pay periods of the calendar year.

• The portion of your salary that is credited to an account will not count as taxable income, so you have an immediate tax savings.

• When you have an eligible expense, you file a claim to get reimbursed. You are responsible for paying providers; reimbursement checks will be made out in your name.

• Under federal law, if you make contributions to a Flexible Spending Account which are not used to pay for eligible expenses incurred during that plan year, you will forfeit the unused balance after the end of the plan year. An expense is “incurred” when the services relating to that expense are provided.

• If you are considered to be a Non-Resident Alien for tax purposes, you are generally eligible to use the Flexible Spending Accounts as an individual. However, expenses for your spouse and children may not be claimed for reimbursement unless they can be claimed as a dependent when you file your taxes. To be considered a dependent for tax purposes, your spouse and/or dependent child must be a citizen, national, or resident of the United States, Canada, or Mexico. We encourage you to speak to a tax advisor regarding your eligibility for tax savings in a Flexible Spending Account.

• Also, expenses incurred before your participation commences or after you cease participation cannot be reimbursed.

Filing Claims with P&A Group
Claims for reimbursement may be filed at any time during the claims period, from January 1st of the current plan year through March 31st of the following year, and must represent expenses incurred during the current plan year (January 1st to December 31st) while you were participating in the Plan. Expenses incurred before you enroll cannot be reimbursed. A claim or expense is “incurred” when the services relating to that claim or expense were provided.

For FSA Dependent Care Claims Only—You must submit a Dependent Care Documentation Form each year for each of the Dependent Care providers you use. Once this form is on file with P&A Group, claims submitted with receipts that include the dates of service will suffice for reimbursement.

The Flexible Spending Account Claim Form can be found in the Forms & Documents section under Quick Links at www.bu.edu/hr. When you complete a claim form, include any information required for the verification of health or dependent care expenses. You must include an itemized invoice or receipt indicating the dates of service, the services performed, and the cost.

P&A Group customer service representatives are available Monday through Friday, 8:30 a.m.–8:00 p.m. EST. Call 800-688-2611.

How to Register with P&A Group and Submit Claims
Register with P&A Group
You can register to set up an online account with P&A Group. Among other things, registering will allow you to submit your claims online and use the website to check account balances and the status of claims.

• Go to the P&A Group website at www.padmin.com and select the tab for Employee Participants.

• On the right-hand side of the web page there will be a section titled, “Account Login.” Select the link “First time logging in, click here.”

• When prompted to enter your Social Security #, you should provide your University ID# instead. Then follow the instructions to set up your account and your preferences.

Submitting Claims
Use your Benefits Card as a debit card purchase wherever MasterCard® is accepted. The money is automatically transferred from your Health FSA account to the merchant.

• QuikClaim Mobile Feature Submit a claim and supporting documentation of your eligible expense directly from your smartphone. Go to www.padmin.com on your smartphone and log into your account.

• Online Claim Upload After making a purchase, log in to your My Benefits account at www.padmin.com and fill out the online reimbursement form.

• Fax Submit a claim form via toll-free fax: 877-855-7105.
Mail a claim form to P&A Group, 17 Court St., Suite 500, Buffalo, NY 14202. When submitting a claim you must include a receipt/proof of purchase or insurance statement. To receive reimbursement faster, sign up for direct deposit to have your money directly deposited into your designated checking or savings account.

How do I receive my reimbursement money?

The quickest way to receive your money is by direct deposit to your personal checking or savings account. Direct deposit enrollment forms are available at www.padmin.com. Once enrolled in a direct deposit, all deposits are made via direct deposit until P&A is otherwise notified. You can also receive your money via a check mailed to your home.

How do I get up-to-date account information?

Access your account balance and other information anytime, anywhere with the text message feature. Simply update your P&A account profile with your mobile number. Text “BAL” to the number 70626 and receive a text message with your account balance. You can also text “CLM” to the number 70626 to receive the status of your claims. You can also log in to your P&A account to access your real-time account information, or call the customer service department at 800-688-2611 for your latest account information. This system is available in English and Spanish.

For dependent care expenses, you will be reimbursed up to the remaining balance in your account. If the expenses you submit are greater than your account balance, you will be reimbursed up to your account balance. Qualified expenses that were submitted but not paid will be carried over to the next month, and an additional payment will be issued to you during the next regular processing cycle.

For health care expenses, you can be reimbursed up to the amount you choose to contribute (reduced by any prior reimbursements for the plan year).

Treatment of Year-End Expenses: You have until March 31 following the end of a given plan year to submit claims for reimbursement of expenses incurred during that plan year. Account balances remaining after that date will, by law, be forfeited. You may not use current plan year account balances to pay for expenses incurred in a prior plan year. Prior plan year expenses must be paid with prior plan year account balances. Also, unused amounts cannot be carried over and used to reimburse expenses incurred in a later year.

If You Should Leave Boston University: FSA—Dependent Care You may continue to submit claims for reimbursement of eligible dependent care expenses incurred through the last day of your employment at Boston University, up to the remaining balance in your account. However, such claims must be submitted no later than March 31 following the end of that calendar year. Any account balances remaining after that date will, by law, be forfeited.

Use of Forfeitures Forfeited account balances will remain part of the University’s assets. Under no circumstances may any forfeitures be used to directly benefit any individual plan participant.
i. He or she received gross income of $3,900 (2013 limit) or more.

ii. He or she filed a joint return, or

iii. You, or your spouse if filing jointly, could be claimed as a dependent on someone else’s income tax return.

If You Are Divorced or Separated

If you are divorced or legally separated, or if you and your spouse lived apart for the last six months of the calendar year, your children under the age of 13 will generally be considered your dependents if you had custody of them for the greater portion of that calendar year. Consult your own tax advisor for more information.

Maximum Contributions

Federal tax law places limitations on the amount you can contribute to a FSA—Dependent Care each plan year.

| If you are:                | Your maximum contribution is:
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Single or married filing jointly</td>
<td>$5,000</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>$2,450</td>
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</tbody>
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Other Contribution Limitations

1. If you are married, your contributions are limited to the least of the following:
   - Your earned income (after reductions in pay for contributions to other benefit plans) for the plan year or your spouse’s earned income for the plan year.

Under federal law, if your spouse is not employed during a month that you incur eligible dependent care expenses, because he/she is a full-time student or is totally incapacitated, your spouse’s earned income for that month will be treated as being either:

- $250 if you incurred eligible expenses for one Qualifying Individual
- $500 if you incurred eligible expenses for two or more Qualifying Individuals

2. If you are single, your contributions may not be in excess of $5,000 under the FSA—Dependent Care of his or her employer, you would not be eligible to make any contribution under this FSA—Dependent Care. Therefore, if you start working at Boston University after the beginning of the plan year and would like to participate in the Dependent Care Reimbursement Account, you must consider any contributions made to your previous employer’s dependent care plan when determining your maximum contribution limit for this account.

Filing Claims

You can be reimbursed from your account by filing a claim with P&A Group.

You do not have to pay for eligible dependent care expenses before being reimbursed for them, but those expenses must be incurred by you. However, P&A Group may ask you to verify your claims and can withhold payment if you do not forward the requested information.

Eligible Health Care Expenses

Before opening a FSA—Health Care, you should be reasonably certain you will have eligible health care expenses during the year. As a guideline for the amount you should budget, you may wish to consider your health plan deductibles and the out-of-pocket expenses you might have to pay during the year.

Eligible expenses are those that are medically necessary and that are not covered by insurance; these generally include:
- Deductibles and co-insurance
- Unreimbursed dental care expenses
- Orthodontic treatment
- Vision care expenses, including eyeglasses and exams
- Routine physical exams
- Hearing aids and hearing care expenses
- Prescription drugs
- Over-the-counter medications for which you have a prescription
- Chiropractor services
- Osteopath services
- Podiatry services
- Medical equipment
- Acupuncture
- Nursing care
- Organ transplants
- Convalescent home expenses for medical treatment
- Drug treatment center expenses
- Kidney donor expenses
- Institutional care required for a health condition (not custodial care only)
- Seeing Eye dog expenses
- Special expenses for physically and mentally handicapped children
- Laboratory examinations and tests

In addition, other health care expenses considered tax deductible under Section 213 of the Internal Revenue Code may be eligible for reimbursement through your account (but health insurance premiums are not eligible for reimbursement). However, any health care expenses you have deducted or intend to deduct on your income tax return cannot be submitted for reimbursement.

Maximum Contributions

You may elect to set aside any amount in your FSA—Health Care up to $2,550 a plan year.

Filing Claims

You can be reimbursed from your account by filing a claim with P&A Group.

Note: IRS regulations require substantiation of claim.

If you file a claim and it is denied, you have a right to appeal the denial. Information about appealing a denial of benefits is included in the “Administrative Information” section of this handbook. ERISA does not apply for the FSA—Dependent Care.

Flexible Spending Account—Health Care

The FSA—Health Care is designed to help you pay for eligible health care expenses incurred by you and your dependents in the plan year during which and while you participate in this plan. A claim is “incurred” when the services relating to that claim were provided.

Leaves of Absence

If you leave work for any reason for a prolonged period of time, you should always contact Human Resources to ask what effect your absence may have on your participation in this and other University-sponsored benefit plans.

- Leave of Absence with Pay: If you are granted a leave of absence with pay, your participation will continue, provided you meet the plan requirements.
- Leave of Absence Without Pay: If you are granted a leave of absence without pay, your participation will end the day your leave terminates. It will also end when your status as a regular employee ends, or when the reimbursement account, if you do not re-enroll during the annual open enrollment period.

Closing Thoughts

The Flexible Benefits Program is intended to be a valuable tool in your financial planning. You can realize significant tax savings by paying for eligible benefit expenses with before-tax dollars. Every effort will be made to help you identify eligible expenses for reimbursement; however, Boston University cannot provide you with legal or tax advice. Also, the University will not be responsible if the treatment of a reimbursement amount is later challenged by the IRS.

The Flexible Benefits Program is intended to qualify under Section 125 of the Internal Revenue Code and other applicable Code Sections. Boston University reserves the right to modify or terminate the program at any time (including a change in the applicable tax laws).