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.

Dependent and Health Care Flexible Spending Accounts (FSAs)

Participation in these accounts is voluntary. You can choose to enroll in one or both. After you enroll, a dependent care Flexible Spending Account and/or a health care Flexible Spending Account will be established in your name and your contributions will be taken from your salary, using before-tax dollars.

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. Enroll through Employee Self Service at www.bu.edu/buworkscentral. Select BU Benefits Center.

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.

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 $2,750 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). Boston University will contribute to the FSA-Health Care if you are enrolled in the BCBS PPO health plan and your BU annual base salary is less than $100,000. The following table shows the University contribution amounts.

	2020 FSA Contribution from BU	
Salary Tier	Single	Family
< $70,000	$250	$500
$70,000-$100,000	$125	$250
> $100,000	No contribution	

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 Qualifying Life Event.

Qualifying Life Events 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 or other change in percent time worked
- Change in your daycare provider or the cost of care (Dependent FSA)
- Divorce
- Death of your spouse or other dependent
- Your death
- Your turning age 26
- 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 Qualifying Life Event 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 Qualifying Life Event 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.

  You Cannot Use Both Methods for the Same Expenses The amount you contribute to a FSA—Dependent Care will reduce, dollar-for-dollar, the amount you may claim as a tax credit. Consult a tax advisor for details.

  If You Pay Federal Income Taxes, Social Security Taxes, and Massachusetts State Income Taxes In some cases, the FSA—Dependent Care will be more advantageous than the federal dependent care tax credit, depending upon income level and number of dependents.

  We encourage you to talk to a tax advisor to help you determine whether the FSA—Dependent Care or the federal dependent care tax credit is more advantageous to you.

- *Advantages for Health Care Expenses* The FSA—Health Care will be appropriate for you if you expect to have eligible uninsured medical expenses below 10% of your adjusted gross income in the coming calendar year. Expenses below this level are not deductible for federal income tax purposes. As a result, the FSA—Health Care may offer you an advantage which you cannot duplicate on your tax return.

  Of course, your own tax situation will dictate exactly what the Flexible Spending Accounts can do for you. For more specific information about how these Flexible Spending Accounts may apply to you, we encourage you to talk to a tax advisor.

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* 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 at the time your claim is submitted. Your account balance is reduced by any reimbursements you receive, 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.
- *FSA—Health Care* In certain circumstances, you may elect to continue your participation in your account through federal health care coverage continuation provisions under COBRA but only to the extent required by COBRA. To do so, you must make your election within 60 days after the end of the month in which you leave Boston University. If you elect to continue your participation, your contributions will be made with after-tax dollars.

  If you elect to discontinue your participation, your account balance will be frozen as of the date your employment ends. You may continue to submit claims for reimbursement of expenses incurred through the last day of your employment. However, such claims must be submitted no later than March 31 following the end of that calendar year. Any account balance remaining after that date will, by law, be forfeited.

If You Should Become Totally Disabled or Die

You or your survivors may continue to submit claims for expenses incurred before the time of total disability or death, 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.

Information to Remember

Flexible Spending Accounts have some limitations. These limitations are based on federal regulations required because of the tax-exempt feature of the accounts. For example:

- You must re-enroll in the accounts during each annual open enrollment period. You do this by completing new enrollment forms. If you do not complete a new enrollment, your participation in the accounts will cease at the end of the plan year, and you will not be able to enroll again until the next open enrollment period (unless there is a Qualified Change in your family status).
- Flexible Spending Accounts can be used only for the purposes for which they are set up—that is, dependent care expenses or health care expenses, respectively.
- Your decisions regarding how much money you will contribute to the accounts for the plan year are fixed (unless there is a Qualified Change in your family status). You cannot choose to stop, reduce, or increase your contributions during the plan year.
- If the full values of the accounts are not used up during the plan year, you forfeit the remaining balances.

Because of the requirement to forfeit any unused account balances, Flexible Spending Accounts should be used only for predictable expenses. You should, therefore, estimate conservatively.

Following are specific details concerning the Dependent and Health Care Flexible Spending Accounts.

Flexible Spending Account—Dependent Care

The FSA—Dependent Care is designed to help you pay for the cost of eligible expenses for the care of qualified dependents incurred in the calendar year during which and while you participate in this plan. An expense is "incurred" when the services relating to that expense were provided.

Because your individual situation determines whether or not the account is appropriate for you, we urge you to consult a tax advisor before enrolling in a FSA Dependent Care.

Eligible Expenses cover Qualifying Services to Qualifying Individuals.

Qualifying Services are work-related dependent care services performed in order for you and your spouse, if you are married, to remain employed or look for work.

Qualifying Services can be provided:

- In your home
- Outside of your home, provided the dependent regularly spends at least eight hours per day in your household, or the dependent is under 13 years of age
- By a dependent care center or facility if it provides care to six or more individuals (excluding residents of the center) and receives a fee, payment, or grant for the services. These services qualify only if the center complies with all the applicable state and municipal laws and regulations.

You must make payments for child and dependent care to someone you (and your spouse) cannot claim as a dependent. If you make payments to your child, he or she cannot be your dependent and must be age 19 or older by the end of the year. You cannot make payments to:

a. Your spouse

b. The parent of your qualifying individual if your qualifying individual is your child and under age 13

Child and dependent care expenses must be work-related to qualify. Expenses are considered work-related only if both of the following are true:

- They allow you (and your spouse if you are married) to work or look for work.
- They are for a qualifying individual's care.

Qualifying nursery school expenses can be reimbursed, but kindergarten and grade school tuition expenses and the cost of overnight camp cannot be.

If qualifying care is provided in your home, the provider could be a housekeeper, nanny, live-in, or other individual, as long as his or her primary job is to provide qualifying dependent care services.

Qualifying Individuals are:

1. Your qualifying child who is your dependent and who was under age 13 when the care was provided;
2. Your spouse who was not physically or mentally able to care for himself or herself and lived with you for more than half the year; or
3. A person who was not physically or mentally able to care for himself or herself, lived with you for more than half the year, and either:

a. Was your dependent, or

b. Would have been your dependent except that:

i. He or she received gross income of $4,150 (2018 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 laws place limitations on the amount you can contribute to a FSA—Dependent Care each plan year.

If you are:	Your maximum contribution is:
Single or married filing jointly	$5,000
Married filing separately	$2,500

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; or
- $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 your earned income (after reductions in taxable pay for contributions to other benefit plans) for the plan year.
3. The federal maximum contribution limit applies to contributions made to this and other dependent care reimbursement accounts you or your spouse participate in during a given year. For example, if your spouse is contributing $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.

Note: *IRS regulations require substantiation of claim.*

When you file claims for eligible dependent care expenses, you must include a Taxpayer Identification Number (TIN) for each provider. An individual's TIN is typically his or her Social Security number. Also, when you file your tax return, you will have to include a special form that will include the name(s) and TIN(s) of your caregiver(s). For additional information concerning TINs, contact Human Resources.

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 including dates of service will suffice for reimbursement.

If you file a claim and it is denied, in whole or in part, you have a right to appeal the denial. Information about 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.

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 coinsurance
- 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 $2,750 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 in whole or in part, 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.

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 your usual payroll deductions continue.
- *Leave of Absence Without Pay* If you are granted a leave of absence without pay, you may continue your participation during your leave with limitations. Human Resources will provide you with the necessary information and forms to either continue or discontinue participation in this program during an unpaid leave of absence.

When Your Program Participation Ends

Your participation in the Flexible Benefits Program ends the day your employment with the University terminates. It will also end when your status as a regular employee ends or, for the reimbursement accounts, if you do not re-enroll during the annual open enrollment period.

At that time you can be reimbursed for eligible expenses that were incurred before your date of termination of employment or other termination of participation.

Closing Thoughts

The Flexible Benefits Program can 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).

Additional Administrative Information.

For additional information such as plan administrative information and your rights under ERISA, please refer to the Administrative Information section of this Handbook.