

Individual Premium Spending Account

- 1 Why join this Plan?** If you pay for individual – non-group – medical, dental or vision insurance you can save 20%-40% of the cost of the insurance in reduced taxes. **If your premiums cost \$100 per month, your annual savings could be as much as \$500!**
- 2 How does this Plan work?** When you elect to participate in this benefit, you are authorizing your employer to redirect part of your income to pay for your premium costs. These amounts are taken off of the top of your pay and are not subject to taxes. The funds are held by your employer until you submit a *Reimbursement Request* form and supporting documents. Then you are reimbursed for the cost of the premiums out of your non-taxed earnings.
- 3 When do I enroll in this Plan?** If you are newly eligible, you must enroll within 30 days. Otherwise, you can only enroll during the annual open enrollment period for the next year.
- 4 What premiums are eligible?** The Individual premium reimbursement program is design to help you save money on your individual health, dental and vision insurance premiums. Examples of this are individual HMO or Kaiser membership or a Blue Cross/Blue Shield insurance policy for yourself and your eligible dependents. You can also include COBRA premiums you pay to participate in another employer's group plan.
- 5 What premiums are not eligible?** You cannot be reimbursed for premiums you pay to participate in your employer's group health insurance or other group/employer-sponsored health insurance premiums, other than COBRA premiums. Other examples of insurance premiums that are not eligible include life insurance, disability insurance and long-term care insurance premiums.
- 6 When are premiums eligible?** The premium coverage period must be during the plan year, while you were an active participant. While the premiums must be paid, the payment date does not establish the coverage period. For example, if your Flex Plan year is calendar and your premium bill is for coverage from November to January, the premiums you paid for November and December would be eligible in one plan year and the premiums for January in the next year.
- 7 How do I get reimbursed for my premiums?** You send a claim form, signed and dated, with a copy of the premium bill and proof of payment. Proof of payment would be a copy of your canceled check, a cashier's check or money order, a premium statement which reflects the payment or a copy of the bank statement showing the check has cleared or that the automatic debit by the insurance company has occurred.
- 8 Can I change or stop during the year?** **NO.** The IRS requires that your elections be enforced for the entire plan year. You cannot stop contributing to the Plan during the plan year except in cases of a "Change In Status." A Change In Status is defined by the IRS as events such as marriage, divorce, death, birth, adoption, change in employment status, or a significant change in coverage due to spouse's employment. Your election change must directly relate to the Change In Status. To change your election, you must request an election change within *30* days of the date the Change in Status event.
- 9 Are there any other requirements?** If you do not use your contributions to pay for eligible premium expenses, any funds left in your account will be forfeited. Therefore, it is important that you carefully estimate your premium expenses for the plan year. Your expenses must be incurred in the Plan Year during your "period of coverage" (while you are an eligible, active participant) in the benefit options you have elected. Prepayments are not eligible and expenses that were incurred (services received) prior to the effective date of your participation or those expenses incurred after the date you terminate participation are not usually eligible.
- 10 Where can I get more information?** The Summary Plan Description (SPD) your employer gave you includes a full description of the Plan, including claims filing deadlines, eligibility requirements and other important information. This brochure is a brief introduction and is not intended as tax advice or consultation. We recommend you consult your tax advisor regarding your personal tax situation.