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FSA

*Welcome to your*

# Flexible Spending Account

A simple guide to understanding, enrolling in, and getting the most from your Flexible Spending Account — brought to you by CoAd Pay Benefit Services.

# Let's Get Started

## WHAT IS A FLEXIBLE SPENDING ACCOUNT?

Flexible Spending Accounts (FSAs) are among the most popular employee benefit options because they allow you to save money by paying for certain out-of-pocket medical costs such as dependent care expenses with pre-tax dollars. Because the amount you contribute is withheld from your paycheck before federal, state (if applicable), Social Security and Medicare taxes are deducted, your take-home could be larger.

FSA options may vary from employer to employer, but here is an overview of the most common FSA plans offered.

**Let's look at a quick example:**

| | Without FSA | With FSA |
|---|---|---|
| Gross Monthly Income | $3,000 | $3,000 |
| Pre-tax Medical | –N/A– | $100 |
| Pre-tax Day Care | –N/A– | $400 |
| Pre-tax Premiums | –N/A– | $100 |
| **Taxable Income** | **$3,000** | **$2,400** |
| Tax Withholdings | $750 | $600 |
| Post-tax Medical | $100 | –N/A– |
| Post-tax Day Care | $400 | –N/A– |
| Post-tax Premiums | $100 | –N/A– |
| **Spendable Income** | **$1,650** | **$1,800** |
| **Annual Savings** | **$0** | **$1,800** |

## HEALTH FLEXIBLE SPENDING ACCOUNT

Your health FSA may be used for common, qualified medical expenses (medically necessary) not covered by your health insurance. Here are examples:

- Deductibles & Co-Pays
- Prescription Drugs & OTC Medicines
- Medical Supplies
- Dental & Orthodontia Expenses
- Eyeglasses & Contacts

Although money is deducted from your paycheck over the plan year, the entire amount you elect is available starting the first day you participate in the plan! For examples of eligible medical expenses, see the section "Qualified Medical Expenses" in this booklet.

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## DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Your dependent care FSA will reimburse eligible expenses for the care of "qualified dependents" incurred to enable the employee and spouse to be gainfully employed. A "qualified dependent" is a child under the age of 13, or someone who is mentally or physically incapable of taking care of themselves. Some common eligible expenses are listed at right.

- **Day Care and Adult Day Care**
- **Preschool and Before/After School Programs**
- **Summer Day Camp**

Money is available for reimbursement as deductions are made and after services are rendered. For example, June day care expenses would be eligible for reimbursement after June 30, assuming funds are available in the account.

## ENROLLING IN YOUR FLEXIBLE SPENDING ACCOUNT

Most employees can benefit from an FSA, but you must carefully calculate your expenses and choose the account that fits your needs. The elections you make are specific to each type of Flexible Spending Account. In other words, dollars set aside for dependent care expenses can only be used with dependent care providers and not for out-of-pocket medical expenses, etc. The specifics of each FSA account offered will be detailed in the Summary Plan Description (SPD) provided by your employer. For full details, please consult your SPD.

**Step 1**

Determine your annual expenses using our worksheet on page 9 of this booklet. For examples of eligible medical expenses, see "Qualified Medical Expenses" on pages 10 & 11.

**Step 2**

Enroll! You may enroll during your employer's open enrollment period or at the time of your eligibility. Contact our Benefit Success Team at 855-892-6272 for enrollment assistance.

Your employer will take your annual election amount and divide it by the number of payroll periods in your plan year to determine your contribution for each pay period.

## CHANGING YOUR FSA ELECTION

Once you make an election amount for the plan year, you may change it only if you have a qualifying change of status event. In this event, you may make a prospective mid-year change to your annual election. The qualifying change of status events are:

- Marriage or Divorce
- Death of a Spouse or Dependent
- Birth or Adoption
- Change in Work Status Affecting Benefit Eligibility
- Unpaid Leave of Absence

***Estimate carefully!***

See "Avoiding Forfeitures" on the next page for details on unused balances.

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Also, each plan year anniversary provides an opportunity to change elections when re-enrolling for the next plan year.

### AVOIDING FORFEITURES

FSAs must follow certain IRS regulations governing their set up and administration, and one very important rule is the "Use-It-or-Lose-It Rule." FSAs have limited options for unused account balances. When enrolling in an FSA, you must carefully calculate expected expenses and understand your plan's rollover, grace period and run-out period provisions. Your plan may provide one of these provisions for unused funds at the end of the plan year.

| Health FSA Rollover Provision | Grace Period Provision | Run-out Period Provision |
|---|---|---|
| If your employer has adopted the FSA Rollover provision, you may roll over up to a certain amount (to the IRS max) of unused Health FSA funds into the next plan year. This rollover provision only applies to the Health FSA. | If your employer has adopted the Grace Period Provision, you have additional time (typically 2½ months after the plan year ends) to incur expenses and be reimbursed from your Health FSA or Dependent Care Account prior-year balance. | Following the last day to incur expenses, your employer may allow a run-out period to submit claims for the previous year. Any unused funds left after the run-out period (exceeding the rollover limit, or beyond the grace period) will be forfeited. |

# *Using Your Flexible Spending Account*

### ACCESSING YOUR ACCOUNT ONLINE

You can easily access your account 24 hours a day to check your balance, file new claims, check the status of a claim, set up email/mobile text alerts, and much more! Go to **coad.com/login** and select Benefit Portal under Employee Access. Select "Get Started" under the New User icon, then enter the required personal information to begin registration.

1. Begin the registration process
2. Create your username and password
3. Answer selected security questions
4. Update profile preferences: payment method, beneficiaries, dependents & more

### ACCESSING YOUR ACCOUNT THROUGH OUR MOBILE APP

Find the **CoAd Pay Benefit Services App** in your app store. Once logged in you can check your balance and add a checking/savings account for direct deposit.

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## ACCESSING YOUR ACCOUNT THROUGH OUR MOBILE APP

Our CoAd Pay Benefit Services Mobile App provides a single access point to manage your account from your phone or tablet. Via the CoAd Pay Mobile App, you may submit claims and upload receipts (saved as picture images on your phone) as substantiation for your claim. You may also access detailed account information including account balances, recent activity, recent communications, the ability to contact CoAd Pay Benefit Services directly from the mobile application, and more.

### *Manage everything from your pocket*

Submit claims, snap and upload receipts, check balances and recent activity, and message the CoAd Pay Benefit Success Team — all from the CoAd Pay Benefit Services App.

## PAYING WITH YOUR COAD PAY FLEX CARD

You may receive a CoAd Pay FLEX Card which can be used to pay for eligible medical expenses at health care related providers (physicians, pharmacies, dentists, optometrists, hospitals, etc.) and non-health care related merchants (grocery stores, discount stores and online pharmacies). It is important to make sure that non-health care related merchants have implemented the Inventory Information Approval System (IIAS) or qualify as a 90% Merchant.

The IIAS system is designed to identify FSA eligible items at the point of sale. When an item is scanned at the checkout, the system keeps separate totals for eligible and non-eligible items. Assuming your available balance is high enough, you will be allowed to use your CoAd Pay FLEX Card to pay for the eligible items. You will be asked to pay for the non-eligible items by some other means (i.e. cash, check, credit or other debit card). The amount debited from your CoAd Pay Benefit Services account will automatically be approved and in most cases will require no further substantiation.

Your card can also be used at merchants that have not implemented the IIAS system, as long as they certify that 90% of the store's gross items are qualified medical expenses under IRS Code Section 213(d). For stores that adhere to the 90% rule, further substantiation will be required.




### *Tap, swipe, done.*

Your CoAd Pay FLEX Card automatically pays for eligible items at checkout — no reimbursement paperwork for approved purchases.

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# What Happens Next?

**Submit Claim** → **Claim Substantiation** → **Claim Approval** → **Reimbursement**

Once we have received your claim, we will substantiate it. It is important to note that CoAd Pay Benefit Services must follow strict procedures according to IRS regulations in substantiating a claim. Neither CoAd Pay Benefit Services nor your employer can offer exceptions.

If your claim is approved, our Benefit Success Team will issue reimbursement. If you are set up for direct deposit, your reimbursement will be deposited to your bank account approximately 2 business days after your claim is approved. If you are not set up for direct deposit, a paper check will be issued and will usually arrive in about 7–10 days. Reimbursements by check will incur a $5.00 fee. Direct Deposit reimbursements will incur no additional charge.

If your claim is denied, no disbursements will be made from your FSA account and you will be responsible for paying incurred expenses by some other means. If you feel your claim was denied in error, you may submit an appeal. For more information about appeals, please contact our Benefit Success Team at 855-892-6272.

### *Go paperless*

Sign up for direct deposit to receive reimbursements faster — about 2 business days — and avoid the $5.00 paper-check fee.

### *Keep your receipts*

Failure to provide proper documentation can delay payment and/or could result in your account being temporarily deactivated.

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# Frequently Asked Questions

**Q: What online capabilities do I have?**

Our online portal is very comprehensive. You can check your balance, file claims, view pending or past claims, add a checking/savings account for direct deposit, opt in/out of electronic communications, and more. If you need help setting up your account, contact our Benefit Success Team.

**Q: Can I participate in the FSA if I am not enrolled in my employer's health plan?**

In most cases yes, as long as you are a benefits-eligible employee. Contact your employer to determine eligibility.

**Q: What happens if I am terminated during the year?**

There will be a period of time after your termination for which you may submit claims for expenses incurred prior to termination. In some cases, COBRA must be offered, which if elected allows you to continue contributing to your FSA and make claims against it. You will pay the monthly amount equal to your payroll deductions on a post-tax basis.

**Q: Will I ever have to pay taxes on the money I put into the account?**

You will not have to pay federal and FICA; however in some cases you may have to pay state and/or local taxes, depending on the state you live in.

**Q: If my expenses are less than I anticipated, can I change my election?**

No. Unless you experience a qualifying change of status event, elections cannot be changed for the current plan year. You must wait until the following plan year to make a new election.

**Q: What happens if I don't use all the money in my FSA by the end of the plan year?**

Depending on your plan you may have a Health FSA Rollover Provision or a Grace Period Provision. The Rollover Provision allows you to roll over a certain amount into the next year. The Grace Period Provision permits you to carry over funds up to an additional 2½ months. Any unused money at the end of the Grace Period will be forfeited. Check with your employer for details.

**Q: What happens if I incur a large expense at the beginning of the plan year before contributing enough to cover it?**

If the expense is to be reimbursed by your Health FSA, we will pay the claim up to the maximum amount elected for the year. Your payroll deductions continue throughout the plan year even if all funds have been spent. For a Dependent Care Account, claims are reimbursed as money becomes available through payroll deductions.

**Q: What do I do if I forgot my username or password?**

Please click the "forgot password" link online and follow the instructions provided. You may also contact our Benefit Success Team during normal business hours at 855-892-6272.

**Q: How much may I elect into my FSA?**

The maximum limit is determined by your employer and can be found in your Summary Plan Description.

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# *Frequently Asked Questions, continued*

**Q: If my spouse participates in an FSA through their employer, can I also participate?**

Yes; however, identical claims may not be reimbursed under both accounts. In addition, if both you and your spouse have signed up for the Dependent Care Account, the maximum election between both accounts is still $5,000 (or $7,500 for plan years starting after 1/1/2026).

**Q: Can I be reimbursed for over-the-counter (OTC) medicines?**

OTC medicines are now eligible for reimbursement without a prescription. Common OTC medicines such as Tylenol and Claritin may be purchased with FSA dollars. Menstrual care products are also now eligible for reimbursement.

**Q: Where can I find a complete list of eligible FSA expenses?**

You can find a comprehensive list of qualified medical FSA expenses beginning on page 10 of this booklet, or on the IRS website.

**Q: How long will it take my claim to be processed and reimbursed?**

In general, all claims are processed in 7–10 days. Claim checks and direct deposits are processed daily.

**Q: Why did I receive a letter to provide substantiation?**

In some circumstances we require a receipt to substantiate a claim in order to comply with IRS guidelines. The receipt must include the date of service, the dollar amount, the patient's name, and a brief description of the service. Voided checks, credit card statements, and balance-due statements are NOT valid forms of substantiation. Keep all receipts for incurred eligible expenses. Failure to provide proper documentation may result in your account being temporarily deactivated.

**Q: Under what circumstances can I participate in a Dependent Care Account?**

To participate in a DCA, both you and your spouse must be working, actively seeking work, or in school full time. Eligible dependents are those younger than 13, or persons mentally or physically incapable of taking care of themselves. Note that summer day camp is an eligible expense, but overnight camp is not.

**Q: How do I determine which amount to elect?**

We have included a worksheet at the end of this booklet to help you figure out just that. Look at last year's receipts and expenses and decide if this year will be similar. Consider big expenses you know about (glasses, braces, deductibles/copays, etc.).

*Still have questions?*

Our Benefit Success Team is here to help with enrollment, claims, and account access.

BENEFIT SUCCESS TEAM

**855-892-6272**

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# FSA Expense Worksheet

Use this worksheet to help you estimate your expected expenses for the year. Remember that careful planning is essential to avoiding forfeited balances at the end of the plan year.

## COMMON PHARMACY EXPENSES

| | |
|---|---|
| Prescription Copays | $_____ |
| Birth Control Pills | $_____ |
| Smoking Deterrents | $_____ |
| OTC Medicines | $_____ |
| Other | $_____ |

## COMMON MEDICAL EXPENSES

| | |
|---|---|
| Chiropractic Visits | $_____ |
| Coinsurance & Deductibles | $_____ |
| OB-GYN, Pediatrician Visits | $_____ |
| Physical Therapy | $_____ |
| Diabetic Test Supplies/Insulin | $_____ |

## COMMON DENTAL EXPENSES

| | |
|---|---|
| Dental Exams & X-Rays | $_____ |
| Fillings & Crowns | $_____ |
| Orthodontia Expenses | $_____ |
| Dentures | $_____ |

## COMMON VISION EXPENSES

| | |
|---|---|
| Prescription Glasses | $_____ |
| Contact Lenses & Solution | $_____ |
| Lasik Eye Surgery | $_____ |
| Optometrist Expense | $_____ |

**Subtotal Medical Expenses** $_____

## DEPENDENT CARE EXPENSES*

| | |
|---|---|
| Child Care Expenses for dependent children under age 13 | $_____ |
| Summer Day Camp Expenses for dependent children under age 13 | $_____ |
| Adult Day Care Expenses for parents and/or dependents incapable of self-care | $_____ |

**Subtotal Dependent Care Expenses** $_____

**Estimated Tax Savings (assume 25%)**** $_____

**Total Estimated Expenses** $_____

*If applicable to Plan. **Approximate tax savings. Actual tax savings depends on individual tax bracket.

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# *Qualified Medical Expenses*

## SAMPLE ELIGIBLE HEALTH FSA EXPENSES

| Sample Expense | Cost w/o FSA | Cost w/ FSA | Estimated Savings** |
|---|---|---|---|
| Doctor Copay | $20.00 | $15.00 | $5.00 |
| Rx Copay | $50.00 | $37.50 | $12.50 |
| Eyeglasses | $200.00 | $150.00 | $50.00 |
| Braces | $2,500.00 | $1,875.00 | $625.00 |
| Lasik Eye Surgery | $3,500.00 | $2,625.00 | $875.00 |
| **Annual Dental Care Bill** | **$5,000.00** | **$3,750.00** | **$1,250.00** |

A sample of eligible items (A–I). For a complete IRS list of Medical (Health) FSA eligible items, please visit the IRS website.

**A**
Acupuncture
Adoption (related medical expenses)
Alcoholism treatment
Allergy medication
Ambulance & emergency health services
Anesthesia (non-cosmetic)
Athletic treatments / braces

**B**
Bandages & related items (OTC)
Birth control
Blood pressure monitor
Blood sugar test kits & strips
Body scans

**C**
Childbirth classes
Chiropractic office visit or treatment
Cholesterol test kits & supplies
Christian Science practitioners
Coinsurance
Compression / anti-embolism socks, stockings or hose
Contact lenses & cleaning solutions
Contraceptives
Copayment
Corneal keratotomy
Counseling
Crutches, canes or like equipment

**D**
Deductibles
Dental care (non-cosmetic)
Dental reconstruction
Dentures, bridges, etc.
Diabetic monitor, test kits, strips & supplies
Diagnostic services
Drug addiction treatment
Dyslexia treatment

**E**
Eye examinations
Eye related equipment/materials
Eyeglasses

**F**
Fertility monitor (OTC)
Fertility treatment
First aid dressings (OTC)
Flu shots

**G**
Guide dog (dog, training, care)

**H**
Hearing aids & batteries
Hospital services & fees

**I**
Immunizations
Incontinence products
Infertility treatment
Insulin, testing materials & supplies

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# *Qualified Medical Expenses, continued*

**L**
Laboratory fees
Lamaze classes (as related to birth)
Laser eye surgery
Learning disability treatments
Listening therapy

**M**
Mastectomy-related special bras
Medical abortion
Medical equipment
Medical monitoring & testing devices
Medical records charges
Menstrual / feminine products
Midwife
Mileage (for medical care)
Monitors & test kits (OTC)
Motion & nausea remedies

**N**
Norplant insertion or removal
Nursing services (wages & taxes)

**O**
OB/GYN fees
Occlusal guards (teeth grinding)
Occupational therapy
Office visits
Operations (non-cosmetic)
Optometrist / ophthalmologist fees
Organ transplants
Ortho keratotomy
Orthodontia (braces & retainers)
Orthopedic & surgical supports
OTC medicines
Ovulation monitors (OTC)
Oxygen

**P**
Physical exams
Physical therapy
Pregnancy tests (OTC)
Prescription drugs
Prosthesis
Psychiatric care
Psychoanalysis
Psychologist fees

**R**
Radial keratotomy (RK)
Reading glasses (OTC)
Removal of benign mole, cyst or tumor

**S**
Sales tax, shipping & handling fees
Smoking cessation (programs / counseling)
Smoking cessation drugs
Speech therapy
Sterilization
Student health fees (services received)
Sunglasses (prescription)
Surgery (non-cosmetic)

**T**
Teeth grinding prevention devices
Therapy (for a medical condition)
Tubal ligation

**U**
Urological products

**V**
Vaccinations
Varicose vein removal surgery
Vasectomy
Prescription medications
Vitamins (with letter of medical necessity)

**W**
Walking aids (canes, walkers, etc.)
Wart removal treatments
Wheelchair & repairs
Wound care — non-medicinal (OTC)

**X**
X-ray fees (dental / medical)

For a complete IRS list of Medical (Health) FSA eligible items, please visit the IRS website. This list is provided as a guide and is not exhaustive; eligibility is governed by IRS regulations.

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# My Flexible Spending Account Info

**My Open Enrollment Period is:**

**Medical FSA Maximum:**

**Dependent Care FSA Maximum:**

## Mobile App for iPhone & Android Users

The CoAd Pay Benefit Services App puts your account in your pocket — submit claims, upload receipts, and view detailed account information including account balances, recent activity, and communications.

Available for iPhone

Available for Android

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