Flexible Spending Accounts Dependent Care Reimbursement

If you will use day care for your children (under age 13) so you and your spouse can work and/or have an elder parent or grandparent that needs care so you or your spouse can work, the Dependent Care Reimbursement Account (DRCA) is for you!

Expense Eligibility

To be eligible for reimbursement, expenses must meet some rules established by the government for dependent child and elder care:

- The dependent cared for must be under age 13, or, if older, physically or mentally incapable of selfcare.
- Day care must be necessary in order for you and (if you are married) your spouse to work. A spouse who is disabled or a full-time student is considered the same as a working spouse.
- The person cared for must be claimed as a dependent on your federal income tax return and must reside in your home at least eight hours per day.
- Payment for care cannot be made to anyone you claim as a dependent on your income tax return, to your spouse, or to your child under age 19.
- If care is provided by a center that cares for more than six individuals, it must be licensed.

Dependent Care Tax Credit

Although reimbursement accounts are a tax-effective way to pay for dependent care, some employees will save more by taking advantage of the federal tax credit allowed for these expenses.

Keep in mind that you cannot use a Dependent Care Reimbursement Account and the tax credit for the same expenses. Your tax credit will be reduced dollar-for- dollar by any amount you receive from a Dependent Care Reimbursement Account.

A tax advisor can tell you which method will save you more.

How the Account Works:

The Dependent Care Reimbursement Account plan year runs January 1 through December 31 of the same year. If you elect coverage through the flexible spending account your contribution will be withheld from each paycheck on a tax-free basis.

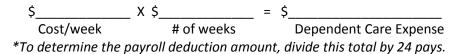
- You estimate how much you think you will spend in the 12 months on eligible expenses
- Based on that estimate, you decide how much you want to contribute to the account.
- The amount you choose to contribute will go into the account tax-free
- You're reimbursed for those expenses with the tax-free dollars from the account

You should estimate your reimbursement account expenses as accurately as possible, staying on the conservative side.

This is because the Internal Revenue Service (IRS) requires you to forfeit any dependent care deposits you do not use by December 31st. You will have until February 15th to request reimbursement for those expenses. (Example: For the 2009 plan year, account can be used for expenses incurred between January 1, 2009 and December 31, 2009. Reimbursement requests can be submitted until February 15, 2010.)

How Much You Can Deposit:

Making the best use of your reimbursement accounts requires careful planning. Estimating your out-of-pocket dependent care expenses for the plan year and will give you an idea of the expenses you can put through the account. Estimate the cost of care per week and the number of weeks of care to determine your total.



Your reimbursement account decisions remain effective for the Plan Year.

You may increase or decrease your deposits in the account during the Plan year ONLY if you have a qualifying family event (i.e. marriage, divorce, birth, death or spouse losing or gaining employment). You must notify HR within 30 days of the event.

You may deposit a maximum of \$5,000 to your Dependent Care Reimbursement Account

- If you and your spouse file separate income tax returns, the most you can deposit into your Dependent Care Reimbursement Account is \$2,500 a year.
- If you are married, your Dependent Care Reimbursement Account deposits cannot be more that the income of the lower paid spouse.

How You are Reimbursed:

iSolved will process your reimbursement requests. Reimbursement requests can be submitted through the website.

You will be reimbursed for expenses up to the amount contributed to your account at the time your request is submitted. If your reimbursement request is more that the amount available in your account, the remainder will be paid as additional funds are deposited.

Please follow these instructions when requesting reimbursement:

- Pay the bill/expense
- Obtain a copy of proof of payment (receipt, cancelled check, etc.)
- Complete a Reimbursement Request Form/Website and attach the proof of payment
- Upload to iSolved website

Keeping Track of Your Account

By keeping track of your accounts, you can avoid forfeiture.

The following are available to check your account status:

- Quarterly statements
- iSolved web site
- Customer Service (866.370.3040)
- Email fsa@isolvedhcm.com

Examples of Eligible Expenses

Health and Dependent Care Reimbursement Accounts

The following list, while not intended to be complete, illustrates some of the medically related expenses and dependent care expenses which are covered by the Flex Spending Accounts.

Abortion Acupuncture

Alcoholism & Drug Abuse treatment

Ambulance Artificial limbs Aspirin Braces

Braille books and magazines Child care expenses Chiropractors

Coinsurance payments
Contact lens solution & cleaners

Contraceptives (prescription and over the counter)

Crutches

Deductible amounts
Dental expenses*

Dentures
Dermatologists
Diagnostic expenses
Doctors' charges*

Eyeglasses and contact lenses, including examination fee

Handicapped persons, care and support

Hearing devices and batteries Herbal supplements**

Home improvements motivated by medical considerations

(e.g., ramps, plumbing)

Hospital bills Infertility treatments

Insulin

Laboratory fees Laser eye surgery

Lamaze classes directly related to birth of baby

for mother only

Licensed practical nurses

Mileage for medical purposes - (as determined by IRS)

Nonprescription nicotine patches and gum**

*Unless strictly for cosmetic reasons

Nutrition counseling
Nutritional supplements**
Obstetrical expenses

Orthodontia
Orthopedic shoes

Osteopaths

Over the counter drugs and medicines

Oxygen
Pap smears
Podiatrists
Pregnancy tests
Prescription drugs*
Psychiatric care
Psychologist expenses
Radial keratotomy

Routine physicals and other non-diagnostic services or

treatments Sales Tax

Seeing-eye dog and its upkeep Shipping & handling charges Smoking cessation programs

prescribed drugs designed to alleviate nicotine withdrawal

Special education for handicapped

Surgical expenses

Therapy treatments (physical, occupational, speech)

TMJ-related expenses

Transportation expenses for medical purposes Tutoring for children with learning disabilities

Vitamins**

Weight loss program**
Well-baby care
Wheelchairs
Wigs*
X-rays

Nutrition counseling Nutritional supplements**

**If prescribed by a physician as medically necessary for a specific condition

Examples of Expenses NOT Eligible

Burial expenses

Breast pumps - unless prescribed as medically necessary by a physician for a specific medical condition

Cosmetic surgery procedures (unless necessary to eliminate a deformity related to a birth defect, a personal injury resulting from an accident or trauma, or a disfiguring disease.

Ear piercing Health club dues

Illegal operations or treatments Items paid or payable by insurance

Marriage Counseling Maternity Clothes

Nursing care for a normal, healthy baby

Prescription drugs imported from foreign countries

Teeth bleaching or bonding

Toiletries and cosmetic items over the counter

Items you intended to claim as a credit for federal taxes

Overnight camp expenses

Expenses for future dependent care services

Educational expenses for any child after the pre-school level Amounts paid for the care of a person in a nursing home or

convalescent facility

Amounts paid to your spouse, dependent, or child under the

age of 19 for dependent care expenses

Cost of food, clothing, shelter, insurance, medical treatment

or vacations of a qualifying dependent