

## ***FOCUS on TRS ActiveCare***

### **#4 – 10/26/2010**

### ***Flexible Benefit Plan***

Employees are encouraged to take advantage of the cost-saving benefit provided through the El Paso ISD Flexible Benefit Plan, commonly referred to as a "cafeteria plan". The components of this Plan allow you to pay for certain eligible expenses on a pre-tax basis which will reduce your federal income taxes, providing for more cash flow each paycheck.

- Pre-Tax Premiums (Premium Conversion)
- Medical Reimbursement Flexible Spending Account
  - General Purpose
- Dependent Care Flexible Spending Account
- Cautions

#### **Pre-Tax Premiums (Premium Conversion)**

This excellent option allows you to pay any medical, dental, and vision premiums on a pre-tax basis. By selecting this option eligible premiums can be deducted from your paycheck before taxes. Since you are paying these premiums anyway, by selecting this option you save tax money as well.

#### **Medical Reimbursement Flexible Spending Account (FSA)**

##### **General Purpose**

**Please Note:** If you also plan to contribute to a Health Savings Account (HSA) through a bank or another financial institution, you may not select the General Purpose medical reimbursement account. Information on HSA's will be discussed in a different Focus Notice.

The Medical Reimbursement FSA allows you to set aside a fixed amount of your pre-tax salary to pay for certain eligible health care expenses that are not reimbursed by your insurance plans. This might include charges applied to your deductibles, co-insurance, prescription co-payments, certain over-the-counter medications, vision, and dental expenses, just to name a few. Eligible expenses may be for you, your spouse, or dependent children.

The minimum you may select for this account is \$25 per month, and the maximum is \$416.50 per month. Any funds remaining in your account at the end of the plan year and not claimed for eligible expenses will be forfeited and cannot be returned to you. Enrollment in this account is not automatic from year to year. You must request re-enrollment (pledge a new amount)

during the annual open enrollment period. You are encouraged to seek professional tax or financial advice regarding this account and your personal tax situation.

The Maximum amount normally available under the Medical Reimbursement FSA is \$5,000. However, since the 2011 Plan Year is only 8 months, the maximum amount has been pro-rated for an 8 month amount which is \$3,332. Most of the remaining balance can be made up when you enroll in the Spring, for the 2011-2012 Plan Year,(September 1, 2011 to August 31, 2012).

EPISD has adopted the additional 75-day grace period for you to incur expenses toward your Medical Reimbursement account (**expenses must have been incurred by November 14, 2011**). The absolute last day to file for reimbursement is November 30, 2011.

## **Dependent Care Flexible Spending Account**

This account allows you to set aside a fixed amount of your pre-tax salary to pay for certain eligible "dependent care" expenses, such as day care for children or a disabled spouse. The minimum you may select for this account is \$25 per month, and the maximum is \$416.50 per month (or \$208.25 per month, if you are married and filing separate tax returns). Any funds remaining in your account at the end of the plan year (August 31, 2011) and not claimed for eligible expenses will be forfeited and cannot be returned to you.

Enrollment in this account is not automatic from year to year. You must request re-enrollment (pledge a new amount) during the annual open enrollment period. You are encouraged to seek professional tax or financial advice regarding this account and your personal tax situation. By electing this account, you may not be eligible for the Federal Income Tax Credit.

The Maximum amount normally available for a family (Married, file as a couple) under the Dependent Care FSA is \$5,000. If you are married and file taxes separately, the maximum is \$2,500 per spouse or \$2,500 if filing single. Since the 2011 Plan Year is only 8 months, the maximum amount has been pro-rated for an 8 month amount which is \$3,332 for family or \$1,666 if single. Most of the remaining balance can be made up when you enroll in the Spring, for the 2011-2012 Plan Year,(September 1, 2011 to August 31, 2012).

More information about these plans can be found on the Employee Benefit Website under the Flexible Spending Account Tab.

## **Cautions**

- The types of eligible expenses that can be claimed for reimbursement under the flexible spending accounts are determined by IRS regulations. To find out if a particular expense qualifies under IRS law, you should contact the account administrator, a tax advisor, or the IRS.

- Since you may suffer tax consequences resulting from your elections, you are encouraged to consult a tax or financial advisor regarding your personal tax situation.
- By electing the dependent care account, you may not be eligible for the Federal Income Tax Credit.
- You will not be refunded any money left in your account that is not used - "Use It or Lose It". When pre-tax money is put in a flex account, it must be used for that benefit during the plan year. You will forfeit any unused funds. However, you can minimize your risk by setting aside only enough money for costs that you realistically expect to have.
- You must make an advance election regarding the amount of your flexible spending account. The election is irrevocable, unless you experience a qualifying change in status. See the plan document for details.
- Reimbursement is based on when the service was rendered, not when you pay the bill. For example, if you see the doctor in December 2010, but you actually pay the doctor's bill in January 2011, the expense would only qualify under your 2010 flexible spending account.
- The eligible expense list for 2011 will require a prescription for over the counter medications.

**NOTE:** EPISD has not yet selected an Administrator for these Flexible Spending Account programs. The option to elect either or both the Medical Reimbursement and the Dependent Care Account is available on the Online Enrollment System.

At this time, assume that all requests for reimbursement will be done by submitting a form with your receipt and receiving a check from the Administrator.

Once the Board has approved of the Administrator and program, we will provide you with an update. It is scheduled for Board action on the November 9, 2010 Board Meeting.

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For more information, please contact:

EPISD Employee Benefits  
Human Resources Division  
(915) 881-2670

Web Site [www.episdbenefits.org](http://www.episdbenefits.org)

Blue Cross Blue Shield of Texas  
Customer Service for TRS ActiveCare  
1-866-355-5999

<http://www.bcbstx.com/trs/>