



# CHURCHWIDE HEALTHCARE

CHRISTIAN CHURCH HEALTHCARE BENEFIT TRUST

Flexible Spending Accounts (FSA)  
Tax Advantaged Funding for  
Health and Dependent Care Costs





# Flexible Spending Accounts Frequently Asked Questions

## GENERAL

### What are my flexible spending account options?

As a participant in the Christian Church (Disciples of Christ) Flexible Spending Account Program ("Program"), you may set aside a portion of your salary to fund either a health care flexible spending account ("Health Care FSA") or a dependent care flexible spending account ("Dependent Care FSA"), or both. Both the Health Care FSA and the Dependent Care FSA allow you to set aside a portion of your salary each pay period on a pre-tax basis that can then be used to pay for qualifying expenses you incur throughout the year. The Health Care FSA reimburses qualifying medical expenses that you pay for out-of-pocket, and the Dependent Care FSA reimburses qualifying dependent care expenses that you spend so that you (and your spouse) are able to work. Amounts that you contribute to your Health Care FSA and Dependent Care FSA are not subject to federal income tax, Social Security taxes, or most state and local income taxes. Check with your local tax advisor with respect to your state and local income tax laws.

### Who do I call if I have questions regarding the Program?

Questions pertaining to the Program, including eligibility questions, should be directed to your client service representative at the Christian Church (Disciples of Christ) Health Care Benefit Trust at 866.495.7322.

Questions pertaining to your Health Care FSA or Dependent Care FSA should be directed to Highmark Blue Cross Blue Shield at 866.228.9417.

## ENROLLMENT & ELIGIBILITY

### Who is eligible to participate in the Program?

You are eligible to participate in the Program if you are an active participant of the Christian Church (Disciples of Christ) Health Care Program and are employed by, and receive compensation from, eligible congregations and church related organizations.

### How do I enroll in the Program?

Participation in the Program requires the consent of your employer and your completion of an enrollment form. You will need to complete the top half of the enrollment form, and your employer will need to complete the bottom half of the enrollment form. The form should be returned to the Christian Church (Disciples of Christ) Health Care Benefit Trust.

## When may I enroll?

You must initially enroll in the Program no later than the date by which you are required to initially enroll in the Christian Church (Disciples of Christ) Health Care Program, and your contributions will begin as of the next payroll date after you enroll. If you do not enroll within the prescribed time frames, you must wait until the next annual enrollment period to enroll.

Annual enrollment takes place during November and December for the following year. During this time, you can start, stop, or change the amounts you are contributing to the Health Care FSA and/or Dependent Care FSA. Any elections that you make, however, take effect on January 1 and remain in effect through December 31 of that calendar year, unless you experience a qualifying change in status event.

If you experience a qualifying change in status event, you may change your election at the time of the event as long as the requested change in your election corresponds to the event and you request a change within 30 days (60 days if the change in status relates to either a loss of eligibility under Medicaid or a state children's health insurance plan (CHIP), or eligibility for premium assistance under Medicaid or CHIP). Events that are considered status changes include:

- A change in legal marital status – including marriage, death of spouse, divorce, legal separation or annulment.
- A change in the number of dependents – including birth, adoption, placement for adoption, or death.
- A change in employment status – including termination or commencement of employment by the employee, the spouse, or a dependent child, or a reduction or increase in hours of employment by the employee, the spouse, or a dependent child, if the change in employment affects eligibility for health coverage.
- A dependent satisfying or ceasing to satisfy the requirements for dependent coverage due to the attainment of age or similar circumstance.
- A change in place of residence of work of the employee, the spouse, or dependent child if it affects eligibility for health coverage.
- A HIPAA special enrollment event (generally, becoming ineligible for other coverage).
- A court order requiring the employee or the employee's former spouse to provide health coverage for a child.
- Entitlement to Medicare, Medicaid or CHIP or loss of entitlement to Medicare, Medicaid, or CHIP by the employee, spouse or dependent child.

Note that some changes in status events apply only to Health Care FSAs and others apply only to Dependent Care FSAs.

## Must I enroll every year to continue participation in the Health Care FSA or Dependent Care FSA?

Yes, you must complete an FSA enrollment form during the annual enrollment period to continue your participation in the Health Care FSA and/or the Dependent Care FSA for the next calendar year. Failure to complete an enrollment form will result in you having no reduction from your paycheck to contribute to the FSAs.

## What if I change church employers during the year?

If you are participating in the Health Care FSA and/or the Dependent Care FSA and are relocated to another church or church related organization, you must negotiate with your new employer to participate in the Program. If your new employer does not participate in the Program, further contributions to the Program for the year will cease and you will no longer be a participant in the Program. You may submit claims for reimbursement for eligible medical expenses and dependent care expenses incurred before you left, up to the balance in your Health Care FSA or your Dependent Care FSA, as applicable. Any claims must be submitted within 90 days after you leave employment.

If you are not already participating in the Health Care FSA or the Dependent Care FSA at the time of your relocation to another church or church related organization that participates in the Program, you will be treated as a new employee and you will have until the end of the period during which you are required to enroll in the Christian Church (Disciples of Christ) Health Care Program to also enroll in the Program. See "How do I enroll in the Program?" above.

# HEALTH CARE FSA

## How does the Health Care FSA work?

The Health Care FSA allows you to set aside a maximum of \$2,500 each year to pay for qualifying medical expenses, which are not paid by your medical, vision or dental coverage through the Christian Church (Disciples of Christ) Health Care Program or otherwise reimbursed. Qualifying medical expenses could include:

- Deducibles & Co-payments
- Vision care (including RK and LASIK)
- Dental care
- Smoking cessation programs
- Well baby care
- Body scanning/heart scoring
- Hearing aids & related expenses
- Annual physicals
- Organized weight loss programs (*if prescribed due to obesity, diabetes, high blood pressure, etc.*)
- Prescription drugs and insulin, whether or not the insulin is prescribed
- Transportation to obtain medical care
- Certain non-covered medical procedures, such as experimental surgery

Some expenses that may not be included are:

- Most cosmetic procedures
- Insurance premiums
- Vitamins & nutritional supplements
- Diet food
- Over-the-counter drugs; unless purchased with a prescription
- Travel Expenses
- Fees for health clubs
- Qualified long-term care services

Remember, contributions to the Health Care FSA are made on a pre-tax basis, and you do not have to wait until the end of the year for reimbursement. At any time during the year, you have access to the full amount you elected to contribute for the year, less any reimbursements you have previously received for that year.

## Are health club dues, exercise equipment, vitamins, or cosmetic surgery a qualifying medical expense under the Health Care FSA?

Health club dues and exercise equipment are eligible for reimbursement if accompanied by a physician's statement indicating a body mass index (BMI) over 30.

Vitamins are eligible for reimbursement if for treatment of a current illness or condition and accompanied by a physician's statement.

Expenses for cosmetic surgery are reimbursable if the surgery is needed to improve a deformity arising from or directly related to a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.

Expenses for procedures that are primarily to improve the patient's appearance and that do not meaningfully promote the proper function of the body or prevent or treat illness of disease are not reimbursable.

## Can medical and/or dental premiums be reimbursed through the Health Care FSA?

No, the IRS does not allow reimbursement of monthly insurance premiums through a flexible spending account.

## Can I participate in the Health Care FSA if I am participating in a health savings account and the health deductible health plan option under the Christian Church (Disciples of Christ) Health Care programs?

No, you are not eligible to participate in the Health Care FSA and at the same time make contributions to a health savings account.



## How does the Dependent Care FSA work?

The Dependent Care FSA allows you to set aside a minimum of \$520 and a maximum of \$5,000 (or \$2,500 if you are married and file separate income tax returns) each year to pay for dependent care expenses. Dependent care expenses are expenses that allow you and your spouse to be gainfully employed or to search for gainful employment and are for the care of a "Qualifying Individual," which may be any one or more of the following individuals:

- Your dependent children under age 13, or
- Your dependent or spouse who is physically or mentally incapable of caring for himself or herself and who shares a household with you for more than half of the year and regularly spends at least eight hours a day in your household.

Dependent care expenses for Qualifying Individuals include expenses incurred for care in your home, in a babysitter's home, at a licensed day care center, or by a relative who is not your dependent. You will not be entitled to reimbursements unless both you and your spouse work or your spouse is a full-time student or is mentally or physically unable to care for himself or herself. Expenses will not be reimbursed unless their main purpose is to ensure the Qualifying Individual's well-being and protection.

Examples of expenses that are not considered dependent care expenses include, but are not limited to:

- Services not required by your employment, such as baby sitters for leisure activity
- Care when you are on vacation, holiday, or sick leave
- Care provided by a person you claim as a dependent on your federal tax return
- Transportation expenses for a dependent care provider
- Amounts paid for food, clothing, or education
- Overnight camps
- Custodial care

When the expense incurred includes expenses for other benefits that are incident to and an inseparable part of the care, the full amount of the expense is considered to be for such care. Examples include:

- The full amount paid to a nursery school that a child is enrolled in is considered to be a dependent care expense, even though the school also furnishes lunch and educational services.
- Child care provided by a housekeeper whose services include child care and house cleaning are covered.

Services provided by a child care center are generally covered expenses if the center provides dependent care for more than six individuals (who do not live at the center on a regular basis during the year) and receives a fee for providing the services. Child care centers must comply with all applicable state and local laws and regulations.



## REIMBURSEMENT

### By when do I have to seek reimbursement of my claims?

It is important to accurately estimate your expenses and only elect an annual contribution to your Health Care FSA and/or Dependent Care FSA to cover expected claims, because IRS rules require that any money left in your accounts at the end of the year or applicable “grace period” will be forfeited. The Program provides a grace period during which you may continue to spend down your Health Care FSA until March 15 of the following year. You must submit any claims incurred during the plan year and applicable grace period by March 31. For example, if you are a participant for the 2014 plan year, you have until March 31, 2015 to submit any eligible medical expenses you incur between January 1, 2014 and March 15, 2015, and any eligible dependent care expenses you incur between January 1, 2014 and December 31, 2014.

### In order to be reimbursable, do I have to submit a copy of a canceled check or a receipt for a bill that is already paid as proof of expense under the Health Care FSA or the Dependent Care FSA?

You do not need to submit a copy of a cancelled check or a receipt for a bill that is already paid as proof of expense. An invoice or copy of an unpaid bill is acceptable since reimbursements are based on incurred expenses. We will look at the date the service was received to determine if it is eligible for the year.

### How are claims submitted?

When you have an eligible expense to be reimbursed from your Health Care FSA or your Dependent Care FSA, you can file a claim by completing a Flexible Spending Account Claim Form and submitting it and proof of your expense to:

**Spending Account Processing Center**  
**P. O. Box 25173**  
**Lehigh Valley, PA 15222**

This form is available from the Christian Church (Disciples of Christ) Health Care Benefit Trust.

## TAX-RELATED

### What is the advantage of making pre-tax contributions?

By contributing to a Health Care FSA and/or a Dependent Care FSA, you authorize your congregation or church related organization to set aside a certain amount from your salary before taxes. Since you are taxed only on the cash salary amount remaining in your paycheck, this reduces your taxable wages. Lower taxable income means that you pay less in taxes. Your Health Care FSA and Dependent Care FSA contributions are not subject to:

- Federal Income Taxes
- Social Security (FICA or SECA) taxes; or
- Most state and local (including county) income taxes. *(Rules vary, and state and local taxes are subject to frequent changes.)*



## An Example:

	Clergy		Non-Clergy	
	Using the FSA	Not Using the FSA	Using the FSA	Not Using the FSA
Pay	\$25,000	\$25,000	\$25,000	\$25,000
FSA Deposits	-\$1,000	-\$0	-\$1,000	-\$0
Taxable Income	\$24,000	\$25,000	\$24,000	\$25,000
Taxes	-\$4,417	-\$4,611	-\$4,341	-4,611
After Tax Income	\$19,583	\$20,389	\$19,659	\$20,389
After Tax Qualifying Expenses	-\$0	-\$1,000	-\$0	-\$1,000
<b>Net Income</b>	<b>\$19,583</b>	<b>\$19,389</b>	<b>\$19,659</b>	<b>\$19,389</b>
<b>Annual Savings</b>	<b>\$194</b>	<b>\$0</b>	<b>\$270</b>	<b>\$0</b>

*Estimated federal, state and Social Security taxes for a married employee with two exemptions who files a joint federal tax return.*

*Estimated federal, state and Social Security taxes for a married ordained minister with two exemptions who files a joint federal tax return.*

Remember, these are only examples. Your tax savings depend on current tax laws and your own personal situation.

As shown by the examples, by using a Health Care FSA or Dependent Care FSA to reimburse eligible expenses, you can realize tax savings, thereby reducing the net cost of care. No matter how the tax rates change, the principle of pre-tax contributions remains the same. Reducing your taxable income results in tax savings.

## What is the effect of making pre-tax contributions to an FSA on my Churchwide Health Care Benefits?

Pre-tax contributions from your salary to an FSA reduce your income for tax purposes only. They do not affect the salary used to determine your benefit levels or coverage under any employer sponsored benefit program. However, pre-tax contributions to an FSA may affect any social security benefits you may eventually be eligible to receive. For most people, however, the reduction is only a few dollars a month in retirement income.

## Is a Health Care FSA more beneficial than claiming health care costs as a tax deduction?

The Health Care FSA is tax-free from the first dollar. Only health care expenses exceeding 7.5% of your adjusted gross income are eligible to be deducted on your tax return. For example, if your annual income is \$25,000, only health care expenses exceeding \$1,875 (7.5% of \$25,000) would be eligible to be deducted on your income tax return. Money set aside through a Health Care FSA is also exempt from FICA (SECA for clergy) taxes. This exemption is not available on your federal income taxes.

## Is a Dependent Care FSA more beneficial than claiming a tax credit for dependent care expenses?

You are provided a limited tax credit for eligible dependent care expenses. As a general rule, the amount of the tax credit is 35% of the dependent care expenses, reduced (but not below 20%) by one percentage point for each \$2,000 (or fraction thereof) by which your adjustable gross income for the taxable year exceeds \$15,000, up to a maximum credit of \$3,000 (for one Qualifying Individual) or \$6,000 (for two or more Qualifying Individuals). **Participation in this Program affects this credit because the dependent care credit is not available for non-taxable reimbursements that you receive from your Dependent Care FSA under this Program.** Under certain circumstances, the credit would be more valuable than the tax savings provided under this Program. *Therefore, you may wish to consult with your tax advisor before making use of your Dependent Care FSA.*

## MISCELLANEOUS

### How does participation the Program benefit my employer?

The creation of a flexible spending account program requires an employer to establish a separate employee benefit plan, with a written plan document, separate financial accounts, and annual reporting requirements. Adoption of the Program eliminates these administrative and legal responsibilities for the participating employer. The Program can also be a valuable employee benefit for employees.

### What are my employer's responsibilities and commitments under the Program?

- To commit by governing action to offer this Program to its employees.
- To deduct and withhold from your salary on a pre-tax basis the amounts you elect to contribute under the Program, and to remit those contributions at least monthly to the Christian Church (Disciples of Christ) Health Care Benefit Trust.
- To agree to pay the annual contribution amounts you elected under the Program.
- To agree to pay a monthly administrative fee of \$5.00 per employee participating in the Program.
- To complete the employer certification, adoption and agreement portion of the enrollment form.
- To elect to donate any forfeitures under the Health Care FSA and Dependent Care FSA to the Christian Church (Disciples of Christ) Health Relief Fund for Ministers.

### What are my responsibilities under the Program?

- To participate in the Christian Church (Disciples of Christ) Health Care Program.
- To complete the required enrollment form.
- To fund the Health Care FSA and/or Dependent Care FSA through authorized payroll deduction.
- To submit accurate claims for reimbursement.

# Christian Church (Disciples of Christ) Flexible Spending Account Program

## EMPLOYEE ENROLLMENT FORM

EMPLOYEE INFORMATION	
Name:	_____
Address:	_____
SS No.:	_____ - _____ - _____
E-Mail Address:	_____
Home Phone: (_____) _____	Work Phone: (_____) _____
Cell Phone: (_____) _____	Fax: (_____) _____

EMPLOYER INFORMATION	
Employer Name:	_____
Address:	_____
EIN No.:	_____ - _____
Employer Phone: (_____) _____	

**Please check which applies:**     initial election for calendar year     mid-year election due to change in status

For the calendar year following the year in which I make this election (unless there has been a change in status that permits me to make a mid-year election), I request my Employer to reduce my annual salary on a pre-tax basis by the following amounts:

- \$ \_\_\_\_\_ (\$2,500 maximum), and to credit this amount to a **health care flexible spending account** on my behalf. This will be \$ \_\_\_\_\_ per pay period.
- \$ \_\_\_\_\_ (\$520 minimum, \$5,000 maximum), and to credit this amount to a **dependent care flexible spending account** on my behalf. This will be \$ \_\_\_\_\_ per pay period.

I understand that I will forfeit these contributions if I am unable to claim them for qualified medical expenses and/or dependent care expenses before the end of the year (or before March 15 of the following year with respect to qualified medical expenses). I further understand that my elections on this form cannot be revoked or changed before the first day of the next calendar year unless I experience a change in status (e.g., marriage, divorce, death of spouse or child, birth or adoption of child, or change in employment status) as authorized by the Internal Revenue Code or regulations thereunder and that my change in election must be consistent with my change in status.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Witness: \_\_\_\_\_ Date: \_\_\_\_\_  
(Employer Representative)

### EMPLOYER CERTIFICATION, ADOPTION AND AGREEMENT

The above identified Employer hereby adopts the Christian Church (Disciples of Christ) Flexible Spending Account Program ("Program") for its employees participating in the Christian Church (Disciples of Christ) Health Care Program for Active Employees. The Employer understands that a monthly service fee of \$5.00 will be charged for each employee participating in the Program or such fee as determined by the Pension Fund of the Christian Church (Disciples of Christ) from time to time. The Employer understands that it will be liable for, and agrees to pay, the full amount that said employee has elected on this form to the Christian Church (Disciples of Christ) Health Care Benefit Plan Trust. The Employer agrees to fully fund the Health Care FSA and Dependent Care FSA amount elected by the employee, even if the employee ceases to be employed by the Employer. The Employer further agrees to donate any forfeitures under the Program to the Christian Church (Disciples of Christ) Health Relief Fund for Ministers.

Date: \_\_\_\_\_ Employer Representative: \_\_\_\_\_

Title: \_\_\_\_\_

Signature of Representative: \_\_\_\_\_



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