

MONEYPLUS\$ 2010

Tax-Favored
Accounts Guide

South Carolina Budget & Control Board

Employee Insurance Program



Accessing Your Benefits

Getting answers to many of your benefit questions is easier than ever. FBMC Customer Care offers you a variety of ways to inquire about your benefits and MONEYPLU\$, including information from the FBMC Web site, Interactive Voice Response system or Customer Care Center.

FBMC Web Site

FBMC's Web site provides information regarding your benefits and comprehensive details on your MONEYPLU\$ accounts.

By entering **www.myFBMC.com** into your Internet browser, you will open FBMC's home page. Answers to many of your benefit questions can be obtained by using the navigational tabs located along the top of the home page. You'll be prompted to enter your e-mail address and password. After this login, you can access the following benefit information.

Benefits

You may check your benefit status, read benefit descriptions, check out our tax calculator and much more.

Claims

Not only can you check the status of your claim, but you may also download forms, get more information about mailing and faxing your claim to FBMC or see transactions that need documentation.

Accounts

View your account balance and contributions. You may also view monthly statements and review your transaction history.

myFBMC CardSM Visa[®] Card

Download a card fact sheet or claim form, read detailed instructions on proper card use and open our IIAS Store List to maximize card convenience.

Profile

Change your account profile, access your FBMC Member ID or select a new phone Personal Identification Number (PIN).

Resources

Browse our extensive resource library, including benefit materials, surveys, Over-the-Counter drug listings and benefit tips.

Forms

Download applicable forms to submit claims for reimbursement.

FBMC Interactive Benefits

FBMC's 24-hour automated phone system, Interactive Voice Response (IVR), can be reached by calling 1-800-865-FBMC (3262). This system allows you to access your benefits any time. By following the voice prompts, you can find out a great deal of information about your benefits.

- Current Account Balance(s)
- Claim Status
- Mailing Address Verification
- Obtain MONEYPLU\$ Claim Forms
- Change Your PIN

Personal Identification Number (PIN)

To access Interactive Voice Response (IVR) system, all you need is your Social Security number (SSN). The last four digits of your SSN will be your first PIN. After your initial login, you will be asked to register and select your own confidential PIN to access this system in the future. Your new PIN cannot be the last four digits of your SSN, cannot be longer than eight digits and must be greater than zero.

Record PIN here.

Remember, this will be your PIN for IVR access.

If you forget your PIN, call Customer Care at **1-800-342-8017**.

Note: Please be sure to keep this guide in a safe, convenient place, and refer to it for benefit information.

2010 State of South Carolina

What's New?

- The Health Savings Account (HSA) contribution limits have increased for 2010. Please see Page 10 for details.
- FBMC is now offering the myFBMC CardSM for easy access to your MONEYPLU\$ Medical Spending Account funds. See Page 15 for more information.
- FBMC is pleased to announce online Medical Spending Account claims submission through **www.myFBMC.com**. This process allows FSA participants the opportunity to submit, via the Web, a scanned image of a completed claim form along with scans of supporting documentation. Log in to your account at **www.myFBMC.com** for more information.

Table of Contents

4	Enrollment at a Glance
5	MONEYPLU\$
5	MONEYPLU\$ Eligibility
10	MONEYPLU\$ Health Savings Account
12	Pre-Tax Group Insurance Premium Feature
13	MONEYPLU\$ Medical Spending Account
15	Limited-Use Medical Spending Account
15	myFBMC Card SM Visa [®] Card
16	OTC Category Reimbursement
17	MONEYPLU\$ Dependent Care Spending Account
19	MONEYPLU\$ Worksheets
20	Changing Your Coverage
21	COBRA Q&A
22	Beyond Your Benefits
Back	Benefits Directory

Enrollment at a Glance

Important Dates to Remember

Your Annual Enrollment dates are:

October 1, 2009, through October 31, 2009.

Your Period of Coverage dates are:

January 1, 2010, through December 31, 2010.

Important Enrollment Information

- Annual Enrollment is October 1, 2009, through October 31, 2009.
- Complete an Enrollment Form by October 31, 2009, to make changes to your current benefits.
- Your 2010 Plan Year is January 1, 2010, through December 31, 2010.
- Return your completed enrollment form to your benefits administrator.
- Remember to bring all necessary dependent and beneficiary information to your enrollment session.
- Many employees can go to FBMC's Web site at **www.myFBMC.com** to enroll. Employees who already have a Medical Spending Account and are re-enrolling for next year or adding a Dependent Care Spending Account can enroll online. Dependent Care Spending Account participants can also re-enroll online for Dependent Care Spending accounts. For help with online enrollment, call FBMC Customer Care at 1-800-342-8017, Monday - Friday, 7 a.m. - 10 p.m. EST. If you are a new employee, or if you do not already have a Spending Account, you must see your benefits administrator for a MONEYPLU\$ enrollment form. If you wish to start, stop or change contributions to a Health Savings Account, you must complete a paper enrollment form.
- If you opt to receive the **myFBMC CardSM** by checking the appropriate box on your Enrollment Form, a \$10 non-refundable annual fee will be deducted from your account when the card is activated. If you already have the card, you must re-enroll to continue using it. See Page 15 for details.
- For more information, contact FBMC Customer Care at 1-800-342-8017, Monday - Friday, 7 a.m. - 10 p.m. EST.

Making your benefits work for you – It's easy!

- FBMC, administrator of the MONEYPLU\$ program, along with your employer, offer you a wide selection of benefits to choose from during your Annual Enrollment. FBMC specializes in tax-saving benefits administration, including MONEYPLU\$, which may save you a significant amount of your annual income.
- FBMC provides you with convenient ways to track your benefit transactions, including online review, telephone tracking and monthly statements.
- Before you sign up for MONEYPLU\$, review the guidelines and become familiar with how the program works and see how to save yourself and your family a significant amount in taxes. For more information, refer to the MONEYPLU\$ section beginning on Page 5 of this guide.
- Remember to submit your supporting documentation, billing statements or invoices, along with your MONEYPLU\$ Claim Form, when using the myFBMC CardSM.
- Submit your supporting documentation and completed MONEYPLU\$ Claim Form (for paper claims) to FBMC for reimbursement processing. Once the plan year ends, you have a 90-day run-out period to submit your supporting documentation.
- You may visit FBMC's Web site at **www.myFBMC.com** for more information. You may also contact FBMC Customer Care at 1-800-342-8017.

MONEYPLU\$

MONEYPLU\$ Eligibility

Your Medical Spending Account may be used to reimburse eligible expenses incurred by you, your spouse, your qualifying child or your qualifying relative. You may use your Dependent Care Spending Account to receive reimbursement for eligible dependent care expenses for qualifying individuals. **Please see the Flexible Spending Account FAQs at www.myFBMC.com.**

Note: There is no age requirement for a qualifying child if he is physically and/or mentally incapable of self-care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a Medical Spending Account. Only the custodial parent can be reimbursed using the Dependent Care Spending Account if the parents are divorced or legally separated.

Who is eligible?

You must be a full-time, permanent employee and must be **eligible for state health insurance benefits** to participate in MONEYPLU\$. However, you are not required to be enrolled in an insurance program to participate in MONEYPLU\$. Retirees are not eligible to participate in MONEYPLU\$.

Health Savings Account Eligibility

To participate in a **Health Savings Account**, you:

- must be covered by a high-deductible health plan, such as the State Health Plan Savings Plan.
- cannot be covered by any other type of health plan, including Medicare (you may be covered for specific injuries, accidents, disability, dental care, vision care and long-term care) and
- cannot be claimed as a dependent on another person's tax return.

Refer to the MONEYPLU\$ Health Savings Account section. See Page 10 for more information.

Medical Spending Account Eligibility

To participate in a **Medical Spending Account**, you must have completed one year of continuous service by January 1 following an enrollment period. You must enroll each year during the October enrollment period for your account to become effective. If you elect to participate in the Health Savings Account, you will only be allowed to enroll in a MONEYPLU\$ limited-use Medical Spending Account for eligible vision and dental expenses. See Page 15 for more information. For mid-year eligibility changes, see Page 20.

You must be eligible for state group insurance benefits to participate in MONEYPLU\$. However, you are not required to be enrolled in an insurance program to participate in MONEYPLU\$.

Dependent Care Spending Account Eligibility

You can enroll in a **Dependent Care Spending Account** within 31 days of the date you are hired. If you do not enroll at that time, you can only enroll during the October enrollment period for an account that becomes effective the following January 1. You must enroll each year during the enrollment period to continue your account the following plan year. A Dependent Care Spending Account is available to you if you also participate in the Health Savings Account.

You can also enroll in, or make changes to, your Spending Account(s) within 31 days of a change in family status. Changes during the year must be necessary and appropriate. All changes must be approved. (See the Changing Your Coverage section beginning on Page 20 for rules governing valid changes in status.)

Pre-Tax Group Insurance Premium Feature Eligibility

If you pay a health, dental, vision or Optional Life premium, you are automatically enrolled on your Notice of Election (NOE) form in the **Pre-Tax Group Insurance Premium Feature**, unless you decline. If you decline to participate in the **Pre-Tax Group Insurance Premium Feature**, you can still enroll in it during the October enrollment period, or within 31 days of a change in family status as defined on Page 20. If you enroll during the enrollment period, your benefit will become effective January 1 of the next plan year. See Page 12 for more information.

How does termination or leave affect my Spending Account?

If you terminate employment or go on unpaid leave, your eligibility for either or both MONEYPLU\$ accounts will change. While your Dependent Care Spending Account cannot be continued following termination or the start of unpaid leave, you will be able to change or continue your Medical Spending Account election upon completion of the appropriate forms and requirements. To make this change or to continue coverage, contact FBMC Customer Care at 1-800-342-8017.

Specific guidelines about your employer's termination and leave policies can be obtained from your employer. In addition, the Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave. Please contact your employer for further information.

MONEYPLU\$

What is MONEYPLU\$?

MONEYPLU\$, administered by Fringe Benefits Management Company (FBMC), is a tax-favored account(s) program made available through Internal Revenue Service (IRS) Code Sections 105, 125, 129 and 223 to stretch your medical and dependent care dollars. With MONEYPLU\$, you elect to contribute an annual amount from your salary to be deducted from your paycheck before taxes to pay for your eligible medical and dependent care expenses. As you incur eligible expenses during the plan year, you request reimbursement and get your money back fast!

Is a Spending Account right for me?

If you can estimate eligible expenses during your plan year, you may save money by paying for them with a Spending Account. A portion of your salary is deposited into your Spending Account each pay period.

- You decide the amount you want deposited.
- You are reimbursed for eligible expenses with tax-free dollars.
- You save income and Social Security taxes each time you receive wages.
- Determine your potential savings with a Tax Savings Analysis at www.myFBMC.com.

How much money will I save?

This example shows how paying for benefits with pre-tax dollars saves you money and increases your spendable income.

	Without MONEYPLU\$	With MONEYPLU\$
Gross Monthly Pay	\$2,500.00	\$2,500.00
State Retirement	-150.00	-150.00
Pretax Payroll Deduction*	-0.00	-613.00
Administrative Fee	-0.00	-7.28
Taxable Gross Income	\$2,350.00	\$1,729.72
Payroll Taxes	-696.78	-513.50
After-tax Expenses*	-613.00	-0.00
Spendable Income	\$1,040.22	\$1,216.22

Increase in spendable income: \$176.00

* For the purpose of this example only, monthly pre-tax payroll deductions and after-tax expenses are defined as the following:

Health Premium	\$159
Dental Premium	\$ 21
Dependent Care Expenses	\$400
Out-of-Pocket Medical Expenses	\$ 33
Total	\$613

Spendable income is considered the amount of your paycheck, plus the reimbursement from your MONEYPLU\$ Medical and/or Dependent Care Spending Accounts.

(Payroll taxes include 15% Federal, 7% State and 7.65% Social Security)

What types of Spending Accounts are available?

Your employer offers you a MONEYPLU\$ Medical Spending Account as well as a Dependent Care Spending Account. If you incur both types of expenses during a plan year, you can establish both types of Spending Accounts.

Dependent Care Spending Account

Dependent care expenses, whether for a child or an elder, include any expense that allows you to work outside the home, such as:

- daycare services
- in-home care
- nursery and preschool and
- summer day camps.

More information is available on Page 17.

Medical Spending Account

Medical expenses not covered by your insurance plan may be eligible for reimbursement using your Medical Spending Account, including:

- birth control pills
- eyeglasses
- orthodontia and
- Over-the-Counter items.

MONEYPLU\$ features include:

- **Health Savings Accounts**, as described in the Health Savings Accounts section, beginning on Page 10.
- A **Pre-Tax Group Insurance Premium Feature**, allowing you to pay your State Health Plan, HMO, State Dental Plan, Vision, Dental Plus and Optional Life premiums with pre-tax dollars (See Page 12).
- **Spending Accounts**
 - **Medical Spending Accounts**, allowing you to pay for eligible medical expenses with pre-tax dollars (See Page 13) and
 - **Dependent Care Accounts**, allowing you to pay for eligible dependent care expenses with pre-tax dollars (See Page 17).

Remember, if you enroll in a Health Savings Account, you can also enroll in a limited-use Medical Spending Account to pay eligible dental and vision expenses. For more information on a limited-use Medical Spending Account, refer to the MONEYPLU\$ limited-use Medical Spending Account section beginning on Page 15.

Receiving Reimbursement

Your Spending Accounts reimbursements will be processed within five business days from the time FBMC receives your properly completed and signed MONEYPLU\$ Claim Forms. To avoid delays, follow the instructions for submitting your requests located in the materials you will receive following enrollment. You may also elect to receive an myFBMC CardSM to electronically debit funds from your MONEYPLU\$ Medical Spending Account. See Page 15 for more information.

MONEYPLU\$

Annual Contribution Limits

For Medical Spending Account:

Minimum Annual Deposit: None
Maximum Annual Deposit: \$5,000

For Dependent Care Spending Account:

Minimum Annual Deposit: None
The maximum contribution depends on your tax filing status.

- If you are married and filing separately, your maximum annual deposit is \$2,500.
- If you are single and head of household, your maximum annual deposit is \$5,000.
- If you are married and filing jointly, your maximum annual deposit is \$5,000.
- If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

Direct Deposit

Enroll in Direct Deposit to speed up your reimbursement.

- Spending Account reimbursement funds are automatically deposited into your checking or savings account within 48 hours of claim approval.
- There is no fee for this service.
- You don't have to wait for postal service delivery of your reimbursement. You will receive notification that the claim has been processed.

To apply, complete the enrollment form available in your confirmation pack, from your benefits administrator or on www.myFBMC.com. You may also call FBMC Customer Care at 1-800-342-8017. If you are currently enrolled in Direct Deposit, you do not need to re-enroll. Please note that processing your Direct Deposit enrollment may take between four to six weeks.

How MONEYPLU\$ Spending Accounts Work

- Estimate carefully the annual amount you will spend for dependent care and eligible medical expenses.
- The annual amounts you elect to have deducted pre-tax from your paycheck will be divided into equal installments, deducted from your paycheck, then credited to your MONEYPLU\$ accounts.
- After you incur expenses during the plan year, submit documentation and/or a copy of the Explanation of Benefits (EOB), if applicable, with your MONEYPLU\$ claim form for reimbursement through your MONEYPLU\$ Spending Account.

MONEYPLU\$ Grace Period

An IRS Revenue Notice permits a “**grace period**” of two months and 15 days following the end of your 2010 Plan Year (December 31, 2010) for a MONEYPLU\$ Medical Spending Account. This grace period ends on March 15, 2011. **During the grace period, you may incur expenses and submit claims for these expenses.** Claims will be processed in the order in which they are received by FBMC, and your accounts will be debited accordingly. This is true for both paper claims and myFBMC CardSM transactions. If you have funds remaining in an account from the prior plan year, these funds will be used first until exhausted. Then, subsequent claims will be debited from your new plan year account balance. After March 15, the myFBMC CardSM can only deduct money from the current Plan Year. Therefore, if you wish to submit prior year expenses during the portion of the claim run-out period from March 15 through March 31, you must use a paper claim form.

Submit your claims for the 2009 Plan Year before you begin incurring expenses in the 2010 Plan Year. Documentation for the 2010 Plan Year must be received by March 31, 2011. If you wait to submit your claims from the previous year to FBMC, they could be rejected if your account is exhausted paying claims incurred during the grace period.

You should not confuse the grace period with the plan's “**run-out period**.” The run-out period extends until March 31, 2011. This is a period for filing claims incurred anytime during the 2010 Plan Year, as well as claims incurred during the grace period mentioned above. However, this applies only to those claims paid from the prior year first.

Your Dependent Care Spending Account also has a “run-out period” that extends until March 31, 2011. The grace period mentioned above does not apply to this account. Dependent Care expenses that occur after December 31, 2010, may not be reimbursed from funds for the 2010 Plan Year.

- You may only submit a MONEYPLU\$ claim form for reimbursement through your MONEYPLU\$ Spending Account for the actual out-of-pocket expenses covered. Once FBMC receives your claim, your reimbursement request will be processed within five business days. **Medical Spending Account claims will be paid up to the amount of your yearly election. For Dependent Care Spending Accounts, checks are prepared up to the amount of your current account balance. Any excess dependent care expenses will be held in suspense and disbursed when money is available in your account.**
- You will be reimbursed for your eligible expenses through your MONEYPLU\$ Spending Account until you have exhausted your annual fund contributions or until the plan year ends.

MONEYPLU\$

What documentation of expenses do I need to keep?

The IRS **requires** MONEYPLU\$ Spending and Health Savings Account customers to maintain complete documentation, including copies of statements or bills for reimbursed expenses.

Spending Account Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through either type of Spending Account. Refer to the "Written Certification" portion of the Beyond Your Benefits section of this *Tax-Favored Accounts Guide* for more specifics.
2. You cannot transfer money between Spending Accounts or pay a dependent care expense from your Medical Spending Account or vice versa.
3. You have a 90-day run-out period (until March 31, 2011) at the end of the plan year for reimbursement of eligible Spending Account expenses incurred during your period of coverage within the 2010 Plan Year and applicable grace period (ending March 15, 2011). This grace period applies to a MONEYPLU\$ Medical Spending Account only.
4. You may not receive insurance benefits or any other compensation for expenses that are reimbursed through your Spending Accounts.
5. You cannot deduct reimbursed expenses for income tax purposes.
6. You may not be reimbursed for a service that you have not yet received.
7. Be conservative when estimating your medical and/or dependent care expenses for the 2010 Plan Year. IRS regulations state that any unused funds that remain in your Spending Account after a plan year and any grace period ends and all reimbursable requests have been submitted and processed cannot be returned to you or carried forward to the next plan year.

Will contributions affect my income taxes?

Salary reductions made under a cafeteria plan, including contributions to an Health Savings Account or to one or both Spending Accounts, will lower your taxable income and taxes. These reductions are one of the money-saving aspects of starting a MONEYPLU\$ Health Savings or Spending Account. Additional state income tax savings or credits may also be available. Your salary reductions will reduce earned income for purposes of the federal Earned Income Tax Credit (EITC).

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax adviser and/or the IRS for additional information.

What fees must I pay for MONEYPLU\$?

There is a \$3.50 administrative monthly fee for each Spending Account and a \$0.28 fee for the Pre-Tax Group Insurance Premium Feature. For example, if you choose to participate in the Medical and Dependent Care Spending Accounts, you will pay \$7 each month in administrative fees. All fees are deducted from pre-tax dollars. Bank fees for the Health Savings Account are explained on Page 10.

Get More Information

For additional information regarding MONEYPLU\$, refer to your *Insurance Benefits Guide*, which is available from your benefits administrator. You may also access MONEYPLU\$ information on the Employee Insurance Program Web site at www.eip.sc.gov.

Over-the-Counter Expenses

Your Over-the-Counter (OTC) items, medicines and drugs may be reimbursable through your MONEYPLU\$ Medical Spending Account. Save valuable tax dollars on certain categories of OTC items, medicines and drugs, such as allergy treatments, antacids, cold remedies, first-aid supplies and pain relievers. For a more comprehensive list of eligible OTC items, see Page 16 or go to www.myFBMC.com.

You may be reimbursed for OTCs through your MONEYPLU\$ Medical Spending Account if:

- the item, medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s)
- the submitted receipt clearly states the purchase date and name of the item, medicine or drug
- the reimbursement request is for an expense allowed by your employer's MONEYPLU\$ Medical Spending Account plan and IRS regulations and
- you submit your reimbursement request in a timely and complete manner already described in your benefits enrollment information.

Note: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. The list of eligible OTC categories will be updated on a quarterly basis by FBMC. It is your responsibility to remain informed of updates to this listing, which can be found at www.myFBMC.com. As soon as an OTC item, medicine or drug becomes eligible, it will be reimbursable retroactively to the start of the current plan year.

Newly eligible OTC items, medicines and drugs are not considered a valid change in status event that would allow you to change your annual MONEYPLU\$ Medical Spending Account election or salary reduction amount. Be sure to maintain sufficient documentation to submit receipts for reimbursement. You may resubmit a copy of your receipt from your records if a rejected OTC expense becomes eligible for reimbursement later in the same plan year.

Visit www.myFBMC.com for a list of frequently asked questions.

You must keep your documentation for a minimum of one year and submit it to FBMC upon request.

MONEYPLUS

A properly completed request will help speed along the process of your reimbursement, allowing you to receive your check or Direct Deposit promptly.

Requesting Reimbursement

For a Medical Spending Account:

You can use your Medical Spending Account to reimburse eligible expenses after you have sought (and exhausted) all means of reimbursement provided by your employer and any other appropriate resource. Keep in mind that some eligible expenses are reimbursable on the date available, not the date ordered.

To request reimbursement, simply fax or mail a correctly completed MONEYPLUS Claim Form, along with the following:

- an invoice or bill from your health care provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided or
- an Explanation of Benefits (EOB)* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost and
- a written statement from your health care provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the invoice or bill for the service.

For a Dependent Care Spending Account:

You can request reimbursement from your Dependent Care Spending Account as often as you like. However, your approved expense will not be reimbursed until the last date of service for which you are requesting reimbursement has passed. Remember that for timely processing of your reimbursement, your payroll contributions must be current.

Requesting reimbursement from your Dependent Care Spending Account is easy. Simply fax or mail a correctly completed MONEYPLUS Claim Form, along with documentation showing the following:

- the name, age and grade of the dependent receiving the service
- the cost of the service
- the name and address of the provider and
- the beginning and ending dates of the service.

Be certain you obtain and submit the above information when requesting reimbursement from your Dependent Care Spending Account. This information is required with each request for reimbursement.

Note: Canceled checks or credit card receipts (or copies) listing the cost of eligible expenses are **not** valid documentation for either Medical or Dependent Care Spending Account reimbursement.

*EOBs are not required if your coverage is through an HMO.

Send all FSA reimbursement claims to:

Fax Toll-Free: 1-888-800-5217

Mail to: Contract Administrator
Fringe Benefits Management Company
P.O. Box 1800
Tallahassee, FL 32302-1800

Note: If you elect to participate in the Dependent Care Spending Account, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this may result in the IRS denying your pre-tax exclusion.

Important FSA Notes:

- You have a **90-day run-out period** (ending March 31, 2011) after your plan year ends to submit reimbursement requests for all eligible FSA expenses incurred DURING your plan year.
- You may, however, continue using only your **Medical Spending Account** during the **grace period**, which is two months and 15 days after the end of your plan year. Be sure to submit your grace period claims before the end of your 90-day run-out period.

Appeal Process

If your request for a mid-plan-year election change, MONEYPLUS Spending Account reimbursement claim or other similar request is denied, in full or in part, you have the right to appeal the decision by sending a written request within 30 days of the denial for review to FBMC.

Your appeal must include:

- the name of your employer
- the date of the services for which your request was denied
- a copy of the denied request
- the denial letter you received
- why you think your request should not have been denied and
- any additional documents, information or comments you think may have a bearing on your appeal.

Your appeal and its supporting documentation will be reviewed. You will be notified of the results of this review within 30 business days from receipt of your appeal. In unusual cases, such as when appeals require additional documentation, the review may take longer than 30 business days. If your appeal is approved, additional processing time is required to modify your benefit elections.

Note: Appeals are approved only if the extenuating circumstances and supporting documentation are within your employer's, insurance provider's and the IRS' regulations governing the plan.

Be certain you obtain and submit all required information with each FSA reimbursement request.

MONEYPLU\$ Health Savings Account

What is a Health Savings Account?

Providing economical health care in the face of rising costs is a major issue facing the nation. In 2005, as part of an effort to meet this challenge, the Employee Insurance Program (EIP) began offering a State Health Plan Savings Plan coupled with a Health Savings Account (HSA). This option enables subscribers who are willing to take greater responsibility for their medical care expenses the opportunity to reduce their insurance premiums and save money for major medical expenses.

A Health Savings Account (HSA) is a tax-free account that can be used to pay health care expenses. Unlike money in a MONEYPLU\$ Medical Spending Account, the funds do not have to be spent in the plan year they are deposited. Money in the account, including interest, accumulates tax-free, so the funds can be used to pay qualified medical expenses in the future.¹ An important advantage of an HSA is that it is owned by the employee. If you leave your job, you can take the account with you and continue to use it for qualified medical expenses.

Who is eligible to contribute to a MONEYPLU\$ HSA?

- Employees must be covered by the State Health Plan Savings Plan, which is a high deductible health plan.
- Employees cannot be covered by any other type of health plan, including Medicare. However, they may be covered for specific injuries, accidents, disability, dental care, vision care and long-term care.
- Participants cannot be claimed as a dependent on another person's tax return.

How much may I contribute to my HSA?

If you enroll in the MONEYPLU\$ HSA your contributions are deducted before taxes. For 2010, a subscriber with single coverage can contribute up to \$3,050 a year to an HSA. Those covering more than one family member could contribute up to \$6,150 a year. These limits, established by the federal government and subject to change, are tied to the rate of inflation.

You can now enroll in an HSA during the year and make the full annual contribution, provided you are participating in the State Health Plan Savings Plan on or before December 1. The *Tax Relief and Health Care Act of 2006* allows contributions to be made up to the contribution maximum for individuals who become eligible for an HSA mid-year, so long as they continue to be an eligible individual for 12 months, beginning with the last month in the year in which the individual became an eligible individual. A subscriber age 55 and older may make "catch-up" contributions to an HSA. In 2010, that subscriber can contribute \$1,000 above the limit.

As of January 1, 2007, HSA account holders can make a one-time, tax-free distribution from their Roth and/or Traditional IRA for the purpose of making a regular HSA contribution. The provision applies to rollovers from an HRA or FSA through 2011. Certain restrictions apply.² You may also make after-tax contributions, which apply toward the maximum annual limit(s). You will receive additional information when you enroll.

How may I change my HSA contribution?

You may change the amount you contribute to your MONEYPLU\$ HSA once per month. To change your HSA contribution, contact your benefits administrator.

How do I get funds out of my HSA?

After enrolling in the HSA and completing the required Bank Signature Card form³, your contributions will be sent to the custodian, The National Bank of South Carolina (NBSC), a Synovus Bank. NBSC will establish an individual account for you and mail up to two VISA® Check Cards to your home address at no charge. You may order additional cards or a starter supply of checks by contacting NBSC at **1-877-367-4HSA** (4472). You may use the Check Cards or checks to get funds out of your HSA. If you choose to use your Check Card, you will need to sign for the transaction like a credit card transaction. Remember, as long as you are taking funds out for qualified medical expenses, you pay no taxes on the funds. However, if you withdraw funds for ineligible expenses, you may have to pay taxes and penalties on those funds, unless you reimburse your HSA for the ineligible amount.

Will I be charged any banking or custodian fees?

Yes, there is \$1 monthly fee or \$10 annual fee. NBSC will charge \$1 per month to your HSA. If you prefer to pay a \$10 annual fee, instead, you may contact NBSC within 60 days of account opening. This fee includes the VISA® debit card, all transaction fees associated with the card, a supply of checks, monthly statements and other banking services. There is a \$0.35 charge to process each check you write to get funds from your HSA. NBSC will deduct these fees automatically from your HSA. Other fees may apply, including fees for insufficient funds. Refer to your HSA Disclosure Statement for more information. FBMC will also charge a monthly \$1 administrative fee which will be deducted from your paycheck.

How are my HSA funds invested?

Your funds will initially be held in an interest-bearing checking account at NBSC. The bank can provide you with current interest rates for HSAs since these rates are subject to change.

As your account balance grows, you may be eligible to place your funds into the HSA Investment Option. Once your balance reaches \$3,500 or more, NBSC will communicate the investment opportunities available to you through their broker, Synovus Securities, Inc. (SSI).⁴

¹ Please consult your tax advisor or IRS Publication 502 with questions regarding these expenses, qualified health plans, and tax information.

² Please consult a tax advisor for eligibility concerning contributions.

³ A Bank Signature Card form MUST be completed to open a Health Savings Account. The Bank Signature Card is only available online, through EIP's Web site at "Open HSA Bank Account."

⁴ The registered broker-dealer offering brokerage products for Synovus is Synovus Securities, Inc., Member FINRA/SIPC. Investment products and services are **not FDIC insured, are not deposits of or obligations of any Synovus Financial Corp. (SFC) bank, are not guaranteed by any SFC bank and involve investment risk, including possible loss of principal amount invested.** Your bank and Synovus Securities, Inc. are members of the Synovus family of companies.

MONEYPLU\$ Health Savings Account

Are there any special tax forms or tax reporting that I must complete when filing my income taxes?

After the end of the tax year, NBSC will send you tax filing information for reporting your contributions and any withdrawals or distributions from your HSA. **It is important that you save receipts, invoices and any explanations of benefits received from your health insurance carrier as documentation in case you are ever asked to show proof of qualified medical expenses to the IRS.**

Remember, MONEYPLU\$ limited-use Medical Spending Accounts are available only to HSA participants. Dependent Care Spending Account eligibility is not affected by your HSA participation.

What if I exceed the annual contribution limits established by the IRS?

FBMC will monitor your HSA contributions and send an alert to your benefits administrator and advise that you are exceeding your contribution limits. You may decrease or stop your contributions accordingly, but the best way to ensure that you do not exceed the annual contribution limits is to elect a per-pay-period contribution that ensures you will not exceed the annual limits. Of course, you can add the “catch-up” contribution amount to these annual limits if you are age 55 or older. The catch-up contribution for 2010 is \$1,000.

May I have a MONEYPLU\$ HSA and a Spending Account?

Yes, subscribers may enroll in a MONEYPLU\$ limited-use Medical Spending Account to pay certain eligible expenses. The limited-use Medical Spending Account may be used to pay dental and vision expenses not covered by the Savings Plan. MONEYPLU\$ Dependent Care Spending Account eligibility is not affected by your HSA participation. Additional information is available on Page 15.

Flyers will be available with your enrollment information. Contact FBMC at 1-800-342-8017 for more information.

Pre-Tax Group Insurance Premium Feature

Pre-Tax Group Insurance Premium Feature

With this feature, you can pay your State Health Plan, HMO, State Dental Plan, Dental Plus, State Vision and Optional Life (for coverage up to \$50,000) premiums before taxes are taken out of your paycheck. With this feature, you do not have to pay taxes on the dollars you use to pay these premiums. You are enrolled automatically in this feature on the Notice of Election if you pay a health, dental, Dental Plus, vision or Optional Life premium, unless you decline. There are special enrollment procedures if you want to participate in the spending accounts. Contact your benefits administrator for details.

If you declined the Pre-Tax Group Insurance Premium Feature in the past, you can enroll during the announced enrollment period for an effective date of January 1 of the following year. The monthly administrative fee for deducting medical, dental, vision and Optional Life premiums before taxes is \$0.28, which is deducted from your paycheck before taxes are deducted.

Optional Life Insurance Premiums

You can pay your Optional Life insurance premiums before you pay taxes. Your entire Optional Life insurance premium will be deducted from your check before taxes. However, only premiums for coverage up to \$50,000 will be exempt from tax. Premiums paid for additional coverage amounts (more than the IRS-allowed maximum of \$50,000) will be added back to your earnings on your W-2 form at the end of the year.

MONEYPLU\$ Medical Spending Account

What is a MONEYPLU\$ Medical Spending Account?

A MONEYPLU\$ Medical Spending Account is an IRS tax-favored account you can use to pay for your eligible medical expenses not covered by your insurance or any other plan. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax-free. A partial list of these eligible expenses can be found on the next page.

Whose expenses are eligible?

Your MONEYPLU\$ Medical Spending Account may be used to reimburse eligible expenses incurred by:

- you
- your spouse
- your qualifying child or
- your qualifying relative.

An individual is a **qualifying child** if he or she is not someone else's qualifying child and:

- is a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- has a specified family-type relationship to you
- lives in your household for more than half of the tax year
- is 18 years old or younger (23 years, if a full-time student) at the end of the tax year and
- has not provided more than one-half of his or her own support during the tax year.

An individual is a **qualifying relative** if he or she is a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:

- has a specified family-type relationship to you, is not someone else's qualifying child and receives more than one-half of his or her support from you during the tax year or
- if no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire tax year and receives more than one-half of his or her support from you during the tax year.

There is no age requirement for a qualifying child if he or she is physically and/or mentally incapable of self-care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can have a MONEYPLU\$ Medical Spending Account.

Can travel expenses for medical care be reimbursed?

Travel expenses primarily for, and essential to, receiving medical care, including health care provider and pharmacy visits, may be reimbursable through your MONEYPLU\$ Medical Spending Account. With proper substantiation, eligible expenses can include:

- actual round-trip mileage
- parking fees
- tolls and
- transportation to another city.

Are prescriptions eligible for reimbursement?

Yes, most filled prescriptions are eligible for MONEYPLU\$ Medical Spending Account reimbursement as long as you properly substantiate the expense. The IRS requires the complete name of all medicines and drugs be obtained and documented on pharmacy invoices (including prescription number, date(s) of service and total dollar amount). This information must be included when submitting your request to FBMC for reimbursement. Proper submission of the reimbursement request is needed to ensure that the drug is eligible for reimbursement.

Over-the-Counter Expenses

Your Over-the-Counter (OTC) items, medicines and drugs may be reimbursable through your MONEYPLU\$ Medical Spending Account. Save valuable tax dollars on certain categories of OTC items, medicines and drugs, such as: allergy treatments, antacids, cold remedies, first-aid supplies and pain relievers. For a more comprehensive list of eligible OTC items, please visit www.myFBMC.com.

You may be reimbursed for OTCs through your MONEYPLU\$ Medical Spending Account if:

- the item, medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s)
- the submitted receipt clearly states the purchase date and name of the item, medicine or drug
- the reimbursement request is for an expense allowed by your employer's MONEYPLU\$ Medical Spending Account plan and IRS regulations and
- you submit your reimbursement request in a timely and complete manner already described in your benefits enrollment information.

Note: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. The list of eligible OTC categories will be updated on a quarterly basis by FBMC. It is your responsibility to remain informed of updates to this listing, which can be found at www.myFBMC.com. As soon as an OTC item, medicine or drug becomes eligible, it will be reimbursable retroactively to the start of that plan year.

Newly eligible OTC items, medicines and drugs are not considered a valid change in status event that would allow you to change your annual MONEYPLU\$ Medical Spending Account election or salary reduction amount. Be sure to maintain sufficient documentation to submit receipts for reimbursement. You may resubmit a copy of your receipt from your records if a rejected OTC expense becomes eligible for reimbursement later in the same plan year.

For more information, please refer to IRS Publication 502, or visit www.myFBMC.com.

MONEYPLU\$ Medical Spending Account

Is orthodontic treatment reimbursable?

Orthodontic treatment designed to treat a specific medical condition is reimbursable through your MONEYPLU\$ Medical Spending Account if the proper documentation is provided:

- a written statement, bill or invoice from the treating dentist/orthodontist showing the type and date the service was incurred, the name of the eligible individual receiving the service, the cost for the service and
- a copy of the patient's contract with the dentist/orthodontist for the orthodontia treatment (only required if a participant requests reimbursement for the total program cost spread over a period of time).

Reimbursement of the full or initial payment amount may only occur during the plan year in which the braces are first installed. For reimbursement options available under your employer's plan, including care that extends beyond one or more plan years, refer to the information provided following your enrollment, or call FBMC Customer Care at 1-800-342-8017.

When are my funds available?

Once you sign up for a MONEYPLU\$ Medical Spending Account and decide how much to contribute, the maximum annual amount of reimbursement for eligible health care expenses will be available throughout your period of coverage.

Since you don't have to wait for the cash to accumulate in your account, you can use it to pay for your eligible health care expenses at the start of your deductions.

Should I claim my expenses on IRS Form 1040?

With a MONEYPLU\$ Medical Spending Account, the money you set aside for health care expenses is deducted from your salary before taxes. It is always tax free, regardless of the amount. By enrolling in a MONEYPLU\$ Medical Spending Account, you guarantee your savings.

Itemizing your health care expenses on your IRS Form 1040 may give you a different tax advantage, depending on their percentage of your adjusted gross income. You should consult a tax professional to determine which option is right for you.

Are some expenses ineligible?

Expenses not eligible for reimbursement through your MONEYPLU\$ Medical Spending Account include:

- insurance premiums
- vision warranties and service contracts and
- cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition.

When do I request reimbursement?

You may use your MONEYPLU\$ Medical Spending Account to reimburse eligible expenses after you have sought (and exhausted) all means of reimbursement provided by your employer and any other appropriate resource. Also keep in mind that some eligible expenses are reimbursable on the date provided or filled (such as a mail-order prescription), not the date ordered.

How do I request reimbursement?

Requesting reimbursement from your MONEYPLU\$ Medical Spending Account is easy. Simply mail or fax a correctly completed Claim Form along with the following:

- an invoice or bill from your health care provider that shows the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided or
- an Explanation of Benefits (EOB)* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost and
- a written statement from your health care provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the invoice or bill for the service.

Please note that canceled checks or credit card receipts (or copies) listing the cost of eligible expenses are **not** valid documentation for MONEYPLU\$ Medical Spending Account reimbursement.

Fax Toll-Free to: 1-888-800-5217

Mail to: Contract Administrator
Fringe Benefits Management Company
P.O. Box 1800
Tallahassee, FL 32302-1800

* EOBs are not required if your coverage is through an HMO.

Partial List of Medically Necessary Eligible Expenses*

Acupuncture
Ambulance service
Birth control pills and devices
Chiropractic care
Contact lenses (corrective)
Dental fees
Diagnostic tests/health screening
Doctor fees
Drug addiction/alcoholism treatment
Drugs
Experimental medical treatment
Eyeglasses
Guide dogs
Hearing aids and exams
In vitro fertilization
Injections and vaccinations
Nursing services
Optometrist fees
Orthodontic treatment
Over-the-Counter items
Prescription drugs to alleviate nicotine withdrawal symptoms
Smoking cessation programs/treatments
Surgery
Transportation for medical care
Weight-loss programs/meetings
Wheelchairs
X-rays

Note: Budget conservatively. No reimbursement or refund of Medical Spending Account funds is available for services that do not occur within your plan year and grace period.

* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply, and will be supplied to you following enrollment.

Limited-Use Medical Spending Account

May I have a MONEYPLU\$ Spending Account and a Health Savings Account?

Yes, MONEYPLU\$ HSA subscribers may enroll in a MONEYPLU\$ limited-use Medical Spending Account to pay certain eligible expenses. **The limited-use Medical Spending Account may be used to pay expenses not covered by the SHP Savings Plan, including dental and vision care expenses.** Except for the restriction on what kinds of expenses are reimbursable, a MONEYPLU\$ limited-use Medical Spending Account works the same as a MONEYPLU\$ Medical Spending Account.

Since you can pay for your out-of-pocket medical expenses with your MONEYPLU\$ HSA, some MONEYPLU\$ Medical Spending Account features are not available with a MONEYPLU\$ limited-use Medical Spending Account, including:

- no reimbursement of out-of-pocket medical expenses, such as deductibles, coinsurance and co-payments
- no reimbursement for Over-the-Counter items and
- no myFBMC CardSM reimbursement option.

Remember, MONEYPLU\$ limited-use Medical Spending Accounts are available only to HSA participants. Dependent Care Spending Account eligibility is not affected by your HSA participation.

For additional information regarding MONEYPLU\$, refer to your *Insurance Benefits Guide*, which is available from your benefits administrator. You may also access MONEYPLU\$ information on the Employee Insurance Program Web site at www.eip.sc.gov.

myFBMC CardSM Visa[®] Card

The myFBMC CardSM is a convenient reimbursement option that allows Fringe Benefits Management Company (FBMC) to electronically reimburse eligible expenses under your employer's plan and IRS guidelines. When you use the myFBMC CardSM to pay for eligible expenses, the funds are electronically deducted from your account.

myFBMC CardSM advantages

You can use the myFBMC CardSM for your eligible Over-the-Counter (OTC) expenses at drugstores. Other advantages include:

- instant reimbursements for health care expenses
- instant approval of some medical, prescription, vision and dental expenses (others require documentation)
- no out-of-pocket expense and
- easy access to your account funds.

Note: You cannot use the myFBMC CardSM for cosmetic dental expenses or eyeglass warranties.

Using the myFBMC CardSM

For eligible expenses, swipe the myFBMC CardSM like you would any other credit card. Whether at your health care provider or at your drugstore, your eligible expenses will be automatically deducted from your MONEYPLU\$ Medical Spending Account. **The card is only accepted at IIAS-certified merchants.** To find out if a pharmacy or drugstore near you accepts the card, please refer to the **IIAS Store List** at www.myFBMC.com.

Two cards will be sent to you in the mail; one for you and one for your spouse or eligible dependent. Keep your cards to use each plan year until their expiration date. If you already have the myFBMC CardSM, you will need to re-enroll during annual enrollment to continue using the card the next plan year. You will not be issued a new card.

Remember, you can go to www.myFBMC.com to see your account information and check for any outstanding Card transactions.

What agreement am I making when I use the myFBMC CardSM?

For more information about the myFBMC CardSM, see the Cardholder Agreement that accompanies it, or visit www.myFBMC.com.

The myFBMC CardSM Visa[®] Card is issued by First Horizon.

OTC Category Reimbursement

Over-the-Counter Expenses

Your Over-the-Counter (OTC) items, medicines and drugs may be reimbursable through your MONEYPLUS Medical Spending Account! You may be reimbursed for OTCs through your Medical Spending Account if:

- the item, medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s);
- the submitted receipt clearly states the purchase date and name of the item, medicine or drug;
- the reimbursement request is for an expense allowed by your employer's Medical Spending Account plan and IRS regulations; and
- you submit your reimbursement request in a timely and complete manner as described in this guide.

Note: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. The list of eligible OTC categories will be updated on a quarterly basis by FBMC. It is your responsibility to remain informed of updates to this listing, which can be found at www.myFBMC.com. As soon as an OTC item, medicine or drug becomes eligible under any of the categories below, it will be reimbursable retroactively to the start of the current plan year.

Newly eligible OTC items, medicines and drugs are not considered a valid change-in-status event that would allow you to change your annual Medical Spending Account election or salary reduction amount. Be sure to maintain sufficient documentation to submit receipts for reimbursement. You may resubmit a copy of your receipt from your records if a rejected OTC expense becomes eligible for reimbursement later in the same plan year.

Eligible Expense Categories

Allergy

Antihistamines
Nasal sprays

Antacids

Heartburn medicines

Cold Remedies

Cough drops
Decongestants
Nasal strips
Nasal sprays
Sinus medications
Throat lozenges

Pain Relief

Bug bite medication
Fever reducers
First aid creams (diaper, fever blister, poison ivy)
Menstrual cycle products for pain and cramp relief
Products for muscle or joint pain
Special ointments or creams for sunburn
Topical creams

Other Medical Remedy Items

Anti-diarrheals
Anti-fungals
Antibiotics
Asthma medications
Bandages, gauze pads, rubbing alcohol, liquid adhesives

Carpal tunnel wrist supports
Cold/hot packs for injuries
Corn/callus removers
Eye products (including reading glasses, contact lens cleaning solutions)
First aid kits
Hemorrhoid treatments
Laxatives
Motion sickness treatments
Nicotine gum or patches for smoking cessation purposes
Thermometers
Wart removers

Items Requiring Special Documentation

Botanicals/herbals
Feminine hygiene products
Hormones
Minerals
Nasal sprays for snoring
Sunscreens
Vitamins
Weight-loss drugs to treat a specific disease

Ineligible OTC Expenses

Cosmetics
Toiletries
OTC items primarily for general health and well-being

MONEYPLU\$ Dependent Care Spending Account

What is a MONEYPLU\$ Dependent Care Spending Account?

A MONEYPLU\$ Dependent Care Spending Account is an IRS tax-favored account you can use to pay for your eligible dependent care expenses to ensure your dependents (child or elder) are taken care of while you and your spouse (if married) are working outside of the home. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax-free. A partial list of these eligible expenses can be found on the following page.

Whose expenses are eligible?

You may use your MONEYPLU\$ Dependent Care Spending Account to receive reimbursement for eligible dependent care expenses for qualifying individuals.

A qualifying individual includes a **qualifying child**, if he or she:

- is a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- has a specified family-type relationship to you
- lives in your household for more than half of the tax year
- is 12 years old or younger and
- has not provided more than one-half of his or her own support during the tax year.

A qualifying individual includes your **spouse**, if he or she:

- is physically and/or mentally incapable of self-care
- lives in your household for more than half of the tax year and
- spends at least eight hours per day in your home.

A qualifying individual includes your **qualifying relative**, if he or she:

- is a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- is physically and/or mentally incapable of self-care
- is not someone else's qualifying child
- lives in your household for more than half of the tax year
- spends at least eight hours per day in your home and
- receives more than one-half of his or her support from you during the tax year.

Note: Only the custodial parent of divorced or legally separated parents can be reimbursed using the MONEYPLU\$ Dependent Care Spending Account.

What is my maximum annual deposit?

- If you are married and filing separately, your maximum annual deposit is \$2,500.
- If you are single and head of household, your maximum annual deposit is \$5,000.
- If you are married and filing jointly, your maximum annual deposit is \$5,000.
- If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

When are my funds available?

Once you sign up for a MONEYPLU\$ Dependent Care Spending Account and decide how much to contribute, the funds available to you depend on the actual funds in your account. Unlike a Medical Spending Account, the entire maximum annual amount is not available during the plan year, but rather after your payroll deductions are received.

Should I claim tax credits or exclusions?

Since money set aside in your MONEYPLU\$ Dependent Care Spending Account is always tax-free, you guarantee savings by paying your eligible expenses through your IRS tax-favored account. Depending on the amount of income taxes you are required to pay, participation in a MONEYPLU\$ Dependent Care Spending Account may produce a greater tax benefit than claiming tax credits or exclusions alone.

Remember, you cannot use the dependent care tax credit if you are married and filing separately. Also, any dependent care expenses reimbursed through your MONEYPLU\$ Dependent Care Spending Account cannot be filed for the dependent care tax credit, and vice versa.

To help you choose between the available taxable and tax-free benefits, or a combination of both, consult your tax adviser and/or the IRS for additional information. You may also visit **www.myFBMC.com** to complete a Tax Savings Analysis.

Are some expenses ineligible?

Expenses not eligible for reimbursement through your MONEYPLU\$ Dependent Care Spending Account include:

- books and supplies
- child support payments or child care if you are a non-custodial parent
- health care or educational tuition costs and
- services provided by your dependent, your spouse's dependent or your child who is under age 19.

Will I need to keep any additional documentation?

To claim the income exclusion for dependent care expenses on IRS Form 2441 (Child and Dependent Care Expenses), you must be able to identify your dependent care provider. If your dependent care is provided by an individual, you will need his or her Social Security Number for identification, unless he or she is a resident or non-resident alien who does not have a Social Security Number. If your dependent care is provided by an establishment, you will need its Taxpayer Identification Number.

If you are unable to obtain a dependent care provider's information, you must compose a written statement that explains the circumstances and states that you made a serious and earnest effort to get the information. This statement must accompany your IRS Form 2441.

MONEYPLU\$ Dependent Care Spending Account

When do I request reimbursement?

You can request reimbursement from your MONEYPLU\$ Dependent Care Spending Account as often as you like. However, your approved expense will not be reimbursed until the last date of service for which you are requesting reimbursement has passed. Also, to process your reimbursement, you must have funds in your account.

How do I request reimbursement?

Requesting reimbursement from your MONEYPLU\$ Dependent Care Spending Account is easy. Simply mail or fax a correctly completed MONEYPLU\$ Claim Form along with documentation showing the following:

- the name, age and grade of the dependent receiving the service
- the cost of the service
- the name and address of the provider (including SSN or Tax Identification Number) and
- the beginning and ending dates of the service.

Be certain you obtain and submit the above information when requesting reimbursement from your MONEYPLU\$ Dependent Care Spending Account. This information is required with each request for reimbursement. Canceled checks or credit card receipts (or copies) listing the cost of eligible expenses are **not** valid documentation for MONEYPLU\$ Dependent Care Spending Account reimbursement.

Fax Toll-Free to: 1-888-800-5217

Mail to: Contract Administrator
Fringe Benefits Management Company
P.O. Box 1800
Tallahassee, FL 32302-1800

Note: If you elect to participate in the MONEYPLU\$ Dependent Care Spending Account, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this may result in the IRS denying your pre-tax exclusion.

Be certain you obtain and submit all needed information when requesting reimbursement from your Dependent Care Account. This information is required with each request for reimbursement.

A properly completed request will help speed up your reimbursement, allowing you to receive your check or Direct Deposit promptly.

Partial List of Eligible Dependent Care Expenses*

After school care
Baby-sitting fees
Daycare services
In-home care/au pair services
Nursery and preschool
Summer day camps

Note: Budget conservatively. No reimbursement or refund of Dependent Care Spending Account funds is available for services that do not occur within your plan year.

* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply, and will be supplied to you following enrollment.

MONEYPLU\$ Worksheets

To figure out how much to deposit in your MONEYPLU\$ accounts, refer to the following worksheets. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits. For a Medical Spending Account there is no minimum and a \$5,000 maximum. For a Dependent Care Spending Account there is no minimum, and the maximum depends on your tax filing status. If you are married and filing separately, your maximum annual deposit is \$2,500. If you are single and head of household, your maximum annual deposit is \$5,000. If you are married and filing jointly, your maximum annual deposit is \$5,000. If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes. If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.

Medical Spending Account Worksheet

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year.

UNINSURED MEDICAL EXPENSES

Health insurance deductibles \$ _____

Coinsurance or co-payments \$ _____

Vision care \$ _____

Dental care \$ _____

Prescription drugs \$ _____

Travel costs for medical care \$ _____

Other eligible expenses \$ _____

SUBTOTAL \$ _____

myFBMC CardSM annual,
non-refundable \$10 fee \$ _____

DIVIDE by the number of paychecks you will
receive during the plan year.* \$ _____

This is your per-pay-period contribution. \$ _____

* If you are retiring or are enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year. To participate in the MONEYPLU\$ Medical Spending Account, you must have completed one year of continuous state service by January 1 following an enrollment period. See Page 5 for details.

Dependent Care Spending Account Worksheet

Estimate your eligible dependent care expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

CHILD CARE EXPENSES

Daycare services \$ _____

In-home care/au pair services \$ _____

Nursery and preschool \$ _____

After school care \$ _____

Summer day camps \$ _____

ELDER CARE SERVICES

Daycare center \$ _____

In-home care \$ _____

SUBTOTAL—Remember, your total contribution
cannot exceed IRS limits for the plan year and
calendar year. \$ _____

DIVIDE by the number of paychecks you will
receive during the plan year.* \$ _____

This is your per-pay-period contribution. \$ _____

* If you are retiring or are enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

DIRECT DEPOSIT - No one likes waiting for their money, why are you?
MSA reimbursements are deposited into the checking or savings account of your
choice within 48 hours of claim approval, and Direct Deposit has no fees!

**Please remember to include all applicable fees in your Medical Spending Account
contribution if you plan to use your myFBMC CardSM as a form of payment.**

Changing Your Coverage

Changing your Spending Account during the Plan Year

Within **31 days** of a qualifying event, you must submit a Change in Status/Election Form and supporting documentation to your employer. Upon the approval of your election change request, your existing Spending Account(s) elections will be stopped or modified (as appropriate). However, if your FSA election change request is denied, you will have **30 days**, from the date you receive the denial, to file an appeal with your employer. For more information, refer to the "Appeal Process" section on Page 9. Visit www.myFBMC.com for information on rules governing periods of coverage and IRS Special Consistency Rules.

Changes in Status:

Marital Status	A change in marital status includes marriage, death of a spouse, divorce or annulment (if recognized by state law).
Change in Number of Tax Dependents	A change in number of dependents includes the following: birth, death, adoption and placement for adoption. You can add existing dependents not previously enrolled whenever a dependent gains eligibility as a result of a valid Change in Status event.
Change in Status of Employment Affecting Coverage Eligibility	Change in employment status of the employee, or a spouse or dependent of the employee, that affects the individual's eligibility under an employer's plan includes commencement or termination of employment.
Gain or Loss of Dependents' Eligibility Status	An event that causes an employee's dependent to satisfy or cease to satisfy coverage requirements under an employer's plan may include change in age, student, marital, employment or tax dependent status.
Change in Residence*	A change in the place of residence of the employee, spouse or dependent that affects eligibility to be covered under an employer's plan includes moving out of an HMO service area.

Some Other Permitted Changes:

Coverage and Cost Changes*	Your employer's plans may permit election changes due to cost or coverage changes. You may make a corresponding election change to your Dependent Care Spending Account benefit whenever you actually switch dependent care providers. However, if a relative (who is related by blood or marriage) provides custodial care for your eligible dependent, you cannot change your salary reduction amount solely on a desire to increase or decrease the amount being paid to that relative.
Open Enrollment Under Other Employer's Plan*	You may make an election change when your spouse or dependent makes an Open Enrollment Change in coverage under their employer's plan if they participate in their employer's plan and: <ul style="list-style-type: none">• the other employer's plan has a different period of coverage (usually a plan year) or• the other employer's plan permits mid-plan year election changes under this event.
Judgment/Decree/Order†	If a judgment, decree or order from a divorce, legal separation (if recognized by state law), annulment or change in legal custody requires that you provide accident or health coverage for your dependent child (including a foster child who is your dependent), you may change your election to provide coverage for the dependent child. If the order requires that another individual (including your spouse and former spouse) covers the dependent child and provides coverage under that individual's plan, you may change your election to revoke coverage only for that dependent child and only if the other individual actually provides the coverage.
Medicare/Medicaid†	Gain or loss of Medicare/Medicaid coverage may trigger a permitted election change.
Health Insurance Portability and Accountability Act of 1996 (HIPAA)	If your employer's group health plan(s) are subject to HIPAA's special enrollment provision, the IRS regulations regarding HIPAA's special enrollment rights provide that an IRC § 125 cafeteria plan may permit you to change a salary reduction election to pay for the extra cost for group health coverage, on a pre-tax basis, effective retroactive to the date of the Change in Status event, if you enroll your new dependent within 30 days of one of the following Change in Status events: birth, adoption or placement for adoption. Note that a Medical Spending Account is not subject to HIPAA's special enrollment provisions if it is funded solely by employee contributions.
Family and Medical Leave Act (FMLA) Leave of Absence	Election changes may be made under the special rules relating to changes in elections by employees taking FMLA leave. Contact your employer for additional information.

* Does not apply to a Medical Spending Account plan.

† Does not apply to a Dependent Care Spending Account plan.

COBRA Q & A

What is continuation coverage?

Federal law requires that most group health plans, including Medical Flexible Spending Accounts (Medical Spending Accounts), give employees and their families the opportunity to continue their health care coverage when there is a “qualifying event” that would result in a loss of coverage under an employer’s plan.

How long will continuation coverage last?

For Medical Spending Accounts:

If you fund your Medical Spending Account entirely, you may continue your Medical Spending Account (on a post-tax basis) only for the remainder of the plan year in which your qualifying event occurs, **if** you have not already received, as reimbursement, the maximum benefit available under the Medical Spending Account for the year. For example, if you elected a Medical Spending Account benefit of \$1,000 for the plan year and have received only \$200 in reimbursement, you may continue your Medical Spending Account for the remainder of the plan year or until such time that you receive the maximum Medical Spending Account benefit of \$1,000.

If your employer funds all or any portion of your Medical Spending Account, you may be eligible to continue your Medical Spending Account beyond the plan year in which your qualifying event occurs and you may have open enrollment rights at the next open enrollment period. There are special continuation rules for employer-funded Medical Spending Accounts. If you have questions about your employer-funded Medical Spending Account, you should call Fringe Benefits Management Company (FBMC) at 1-800-342-8017.

For More Information

This *COBRA Q&A* section does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available from your employer. You can get a copy of your summary plan description from the **State of South Carolina**.

For more information about your COBRA rights, the Health Insurance Portability and Accountability Act (HIPAA) and other laws affecting group health plans, contact the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) in your area or visit the EBSA Web site at **www.dol.gov/ebsa**.

Keep Your Address Updated

In order to protect your family’s rights, you should keep your employer and FBMC informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to your employer and FBMC.

Beyond Your Benefits

Notice of Administrator's Capacity

This notice advises Flexible Spending Account participants of the identity and relationship between your employer and its Contract Administrator, Fringe Benefits Management Company (FBMC). FBMC is not an insurance company. FBMC has been authorized by your employer to provide administrative services for the Flexible Spending Account plans offered herein. FBMC will process claims for reimbursement promptly. In the event there are delays in claims processing, you will have no greater rights in interest or other remedies against FBMC than would otherwise be afforded to you by law.

Social Security

Social Security consists of two tax components: the FICA or OASDI component (the tax for old-age, survivors' and disability insurance) and the Medicare component. A separate maximum wage to which the tax is assessed applies to both tax components. There is no maximum taxable annual wage for Medicare. The maximum taxable annual wage for FICA is subject to federal regulatory change. If your annual salary after salary reduction is below the maximum wage cap for FICA, you are reducing the amount of taxes you pay and your Social Security benefits may be reduced at retirement time.

However, the tax savings realized through the Flexible Benefits Plan generally outweigh the Social Security reduction. Call FBMC Customer Care at 1-800-342-8017 for an approximation.

Disclaimer - Health Insurance Benefits Provided Under Health Insurance Plan(s)

Health Insurance benefits will be provided not by your Employer's Flexible Benefits Plan, but by the Health Insurance Plan(s). The types and amounts of health insurance benefits available under the Health Insurance Plan(s), the requirements for participating in the Health Insurance Plan(s) and the other terms and conditions of coverage and benefits of the Health Insurance Plan(s) are set forth from time to time in the Health Insurance Plan(s). All claims to receive benefits under the Health Insurance Plan(s) shall be subject to and governed by the terms and conditions of the Health Insurance Plan(s) and the rules, regulations, policies and procedures from time to time adopted.

Written Certification

When enrolling in either or both FSAs, written notice of agreement with the following will be required:

- I will only use my FSA to pay for IRS-qualified expenses and only for my IRS-eligible dependents
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my FSA
- I will not seek reimbursement through any additional source and
- I will collect and maintain sufficient documentation to validate the foregoing.

FBMC Privacy Notice

4/14/03

This notice applies to products administered by Fringe Benefits Management Company and its wholly-owned subsidiaries (collectively "FBMC"). FBMC takes your privacy very seriously. As a provider of products and services that involve compiling personal—and sometimes, sensitive—information, protecting the confidentiality of that information has been, and will continue to be, a top priority of FBMC. This notice explains how FBMC handles and protects the personal information we collect. Please note that the information we collect and the extent to which we use it will vary depending on the product or service involved. In many cases, we may not collect all of the types of information noted below. FBMC's privacy policy is as follows:

I. We collect only the customer information necessary to consistently deliver responsive services. FBMC collects information that helps serve your needs, provide high standards of customer service and fulfill legal and regulatory requirements. The sources and types of information collected generally varies depending on the products or services you request and may include:

- Information provided on enrollment and related forms - for example, name, age, address, Social Security number, e-mail address, annual income, health history, marital status and spousal and beneficiary information.
- Responses from you and others, such as information relating to your employment and insurance coverage.
- Information about your relationships with us, such as products and services purchased, transaction history, claims history and premiums.
- Information from hospitals, doctors, laboratories and other companies about your health condition, used to process claims and prevent fraud.

II. Under HIPAA, you have certain rights with respect to your protected health information. You have rights to see and copy the information, receive an accounting of certain disclosures of the information and, under certain circumstances, amend the information. You also have the right to file a complaint with the Plan in care of FBMC's Privacy Officer or with the Secretary of the U.S. Department of Health and Human Services if you believe your rights under HIPAA have been violated.

Additional information that describes how medical information about you may be used and disclosed and how you can get access to this information is provided electronically on our Web site: www.myFBMC.com. You have a right to a paper copy at any time. Contact FBMC Customer Care at 1-800-342-8017.

III. We maintain safeguards to ensure information security. We are committed to preventing unauthorized access to personal information. We maintain physical, electronic and procedural safeguards for protecting personal information. We restrict access to personal information to those employees, insurance companies and service providers who need to know that information to provide products or services to you. Any employee who violates our Privacy Policy is subject to disciplinary action.

IV. We limit how, and with whom, we share customer information. We do not sell lists of our customers, and under no circumstances do we share personal health information for marketing purposes. With the following exceptions, we will not disclose your personal information without your written authorization. We may share your personal information with insurance companies with whom you are applying for coverage, or to whom you are submitting a claim. We also may disclose personal information as permitted or required by law or regulation. For example, we may disclose information to comply with an inquiry by a government agency or regulator, in response to a subpoena or to prevent fraud.

We will provide our Privacy Notice to current customers annually and whenever it changes. If you no longer have a customer relationship with us, we will still treat your information under our Privacy Policy, but we will no longer send notices to you. In this notice of our Privacy Policy, the words "you" and "customer" are used to mean any individual who obtains or has obtained an insurance, financial product or service from FBMC that is to be used primarily for personal or family purposes.

Benefits Directory

Fringe Benefits Management Company

FBMC Customer Care Center
Mon - Fri, 7 a.m. - 10 p.m. EST
1-800-342-8017
www.myFBMC.com

MONEYPLUS Spending Accounts, Health Savings Accounts

Automated Services
24 hours a day
1-800-865-FBMC (3262)
www.myFBMC.com

FAX Claims Toll-Free

1-888-800-5217

myFBMC CardSM Visa[®] Card Lost or Stolen Card

24 hours a day
1-888-462-1909

Submit Documentation

1-888-800-5217

Activation

24 hours a day
www.myFBMC.com
1-888-514-6845

Dispute Line

FBMC Customer Care Center
Mon - Fri, 7 a.m. - 10 p.m. EST
1-800-342-8017

The National Bank of South Carolina

(Health Savings Accounts)
Customer Service
1-877-367-4HSA (4472)
HSA Account Research
1-800-708-5687

FBMC

Premier Benefits Solutions

Contract Administrator
Fringe Benefits Management Company
P.O. Box 1878 • Tallahassee, Florida 32302-1878
Customer Care 1-800-342-8017 • 1-800-955-8771 (TDD)
www.myFBMC.com

Information contained herein does not constitute an insurance certificate or policy. Certificates will be provided to participants following the start of the plan year, if applicable.

