



LOS ANGELES UNIFIED SCHOOL DISTRICT

FLEXIBLE SPENDING ACCOUNT PROGRAMS

Flexible Spending Accounts (FSAs) are voluntary plans that enable active employees to save money by paying for certain health care and dependent care expenses using pre-tax pay. The Los Angeles Unified School District offers two special tax-savings accounts to eligible employees – Health Care FSA and Dependent Care FSA. Enrollment in FSA is not automatic. You must re-enroll each year during the Open Enrollment period.

How the Accounts Work.....

We all have some expenses that qualify for an FSA, so why not take advantage of this IRS approved tax break? When you enroll, you decide how much of your pay to set aside in the Health Care FSA and/or Dependent Care FSA. The money you elect to set aside is deducted throughout the year from your pay before federal income, state income, and Social Security taxes are calculated. When you have an eligible expense, you pay for the expense and file for reimbursement from your FSA account. You are reimbursed with your own money from the appropriate account, and the money remains untaxed. In other words, you never pay taxes on the money that flows through your FSA(s). The District pays the full cost of administering these FSA accounts.

Health Care FSA	Dependent Care FSA
You can use the Health Care FSA to pay for eligible out-of-pocket costs, such as deductibles, copayments, and coinsurance. If you are not eligible for health care coverage under any LAUSD-sponsored plan and you pay your entire medical bill each time you receive health care or buy prescription drugs, then you can pay for these expenses through the Health Care FSA.	Whether you are single or married, if you pay for daycare for your children or other dependents so that you can work, this account is designed with you in mind. If you are married, however, your spouse must work full-time, go to school full-time for at least five months out of the year, or be disabled and unable to care for your dependents.

Only health care expenses incurred by yourself and the people you claim as dependents on your federal tax return can be reimbursed through the Health Care FSA. Therefore, expenses for domestic partners and children of domestic partners are not eligible for reimbursement.

Reimbursing Yourself.....

- As soon as you have an eligible health care expense, you can file a claim for reimbursement. There's no need to wait until the money is in your Health Care FSA. As long as the total claims for the year have not exceeded your annual election, your eligible claim will be processed immediately.
- The reimbursement process for the Dependent Care FSA works a little differently than the Health Care FSA. As you incur and pay for eligible day care expenses, you may file for reimbursement. However, you can only be reimbursed up to the current FSA balance. If your request exceeds your account balance, the remaining reimbursement will be paid when additional funds are deposited.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT

Eligible Health Care Expenses	Ineligible Health Care Expenses
<ul style="list-style-type: none"> • Deductibles or co-pays • Prescription drugs • Birth control pills • Preventive care • Durable medical equipment • Mental health care (inpatient and outpatient services) • Orthodontia or other planned dental treatments • Physical therapy, speech therapy, chiropractic treatment and acupuncture • Prescription eyewear and contact lenses • Vision correction procedures, such as LASIK, PRK and radial keratotomy • Smoking cessation programs • Physician-prescribed weight reduction programs (excluding food replacement) to treat a specific disease such as high blood pressure 	<ul style="list-style-type: none"> • Expenses paid by a health care plan or other type of insurance • Over-the-counter (OTC) medications (with the exception of insulin) unless they are accompanied by a prescription from a physician • Maternity clothes • Fees or dues for exercise clubs or classes • Premiums on health care plans and long-term care plans • Consumer products for general well being, such as exercise equipment, whirlpools and saunas • Charges for vitamins • Cosmetic surgery, unless it is directly related to a mastectomy • Weight-loss programs without a letter of medical necessity.

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Eligible Dependent Care Expenses	Ineligible Dependent Care Expenses
<ul style="list-style-type: none"> • Child or adult daycare services provided in your home, including Social Security taxes paid on behalf of your employee • Child or adult daycare services provided at someone else's home • Expenses for a licensed daycare center including annual registration fees • A portion of wages for a housekeeper whose duties include caring for a qualified dependent • Tuition costs for children not yet in kindergarten (if it cannot be separated from the cost of care) 	<ul style="list-style-type: none"> • Babysitting charges for non-work hours • Charges paid to one of your dependent children under age 19 • Charges paid to someone who doesn't report their income to the IRS • Charges incurred if your spouse is not working, not going to school full-time for at least five months, or is not disabled • Kindergarten or overnight camp

For a guide to eligible and ineligible expenses, visit <http://www.irs.gov> to obtain the most current edition of the IRS Publications 502 and 503. However, this IRS publication is not a definitive guide to what is reimbursable under the FSAs.

To qualify daycare as an eligible expense, the IRS says your qualified dependent must either be under age 13, or physically or mentally disabled (regardless of age) and unable to be self reliant while you are working. (If you are paying for adult day care outside your home, your dependent must live with you at least eight hours a day). Daycare providers must claim the income on their tax return, and you will be required to include their Social Security number on your reimbursement request.

Filing a Claim under the Health Care FSA or Dependent Care FSA

When you need to file a claim for reimbursement, simply call (888) 209-7976 and ask for a UniAccount FSA Claim form, e-mail UniAccount/Anthem Blue Cross at uniaccount.fsa@wellpoint.com or visit <http://benefits.lausd.net> to obtain a form. Follow the instructions provided on the form.

Submit your claim form to UniAccount, P.O. Box 4381, Woodland Hills, CA 91365, or fax it to (818) 234-4730. All incurred and paid services must be submitted after the dates of service, otherwise your claim will be denied and will need to be resubmitted after all service dates have passed. The Plan will mail you a payment once a month or when your expenses reach \$50, whichever is sooner. Reimbursement checks are issued daily, Monday through Friday.

Deadline Filing Dates....

On May 18, 2005, the Internal Revenue Service (IRS) announced that a Flexible Spending Account, including Health Care and Dependent Care Accounts, can reimburse expenses incurred during the first 2 ½ months of any plan year, using money left over from the prior plan year.

- You will be able to get reimbursed for 2012 claims incurred anytime from January 1, 2012 to March 15, 2013. This means you have an extension period of up to 2 ½ months to spend the money in your account.
- The deadline for filing claim expenses incurred during the 2012 plan year through March 15, 2013 is June 15, 2013. You must submit your claims to UniAccount by this date.
- Be sure to indicate whether your claims incurred between January 1, 2012–March 15, 2013 are to be applied to your unused contributions for the 2012 plan year or to your contributions for the 2013 plan year.
- For employees who separate, resign or retire before the end of the plan year, you have 90 days following the date of separation/termination to submit claims for reimbursement.

Annual Contribution....

Health Care FSA

You may set aside up to \$5,000 per year per household into the Health Care FSA. Your annual contribution will be divided equally and deducted from your pay throughout the year. The minimum contribution is \$120 annually.

Dependant Care FSA

According to IRS rules, an employee's Dependent Care FSA contribution is limited to the smallest of the following amounts:

- \$5,000 if employee is married and filing a joint return or if the employee is a single parent (\$2,500 if employee is married but filing separately);
- The employee's earned income for the year; or
- The spouse's earned income, if the employee is married at the end of the tax year.

Your annual contribution will be divided equally and deducted from your pay throughout the year. The minimum contribution is \$120 annually.

Other Important FSA Facts.....

The FSAs are governed by IRS guidelines, so keep these important rules in mind as you plan your participation in these accounts:

- The FSA plan year runs on a calendar year basis, from January 1st to December 31st. Under the Health Care or Dependent Care FSA, eligible expenses incurred during the calendar year and the first 2 ½ month extension period of the next year can be reimbursed. This means that you can incur expenses through March 15 of the year following the current plan year. If you stop participating in the Health Care or Dependent Care FSA before December 31, expenses incurred after the date participation stops are not eligible for reimbursement.
- “Use-It-or-Lose-It” Rule: Any money remaining in your FSA accounts after the 2 ½ month extension period has ended (March 15 of the year following the current calendar year) will be forfeited. Estimate your future expenses carefully to protect yourself against forfeitures.
- The accounts are separate. Contributions made to the Health Care FSA cannot be transferred to the Dependent Care FSA or vice versa.
- Unused FSA balances cannot be forwarded to the next calendar year except where the FSA account includes a grace period.
- Finally, you should be aware that your participation in the FSAs may slightly reduce your future Social Security benefits, because your FSA contributions reduce your taxable income.
- Once you enroll in FSA for the calendar year , you may only make changes during the year if you have a qualified change in status such as marriage, divorce, legal separation, birth of a child, death of a dependent, change in employment status or work schedule, change in cost of coverage or change in spouse’s employment.

Enrollment in FSAs is not automatic!

- You must enroll during the Annual Benefits Open Enrollment period every year in order to participate. You can make changes any time during the open enrollment period at <http://benefits.lausd.net> or by calling the automated telephone enrollment system at (800) 527-1482.
- For additional information visit us at <http://benefits.lausd.net> or contact us at (213) 241-4262.
- For information related to claims and reimbursement contact UniAccount at (888) 209-7976.