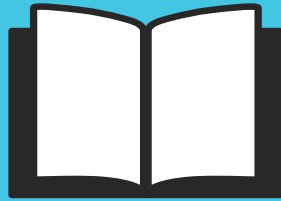


FLEXIBLE SPENDING ACCOUNT



Save money on eligible
expenses and increase
your take-home pay!





FSA GLOSSARY

Are you unsure of what a certain word means? Search our glossary for definitions of commonly used words.

ANNUAL ELECTION AMOUNT

This is the total dollar amount you elect to put into your FSA at the beginning of each plan year.

DEPENDENT

A person whose expenses are eligible for reimbursement through the employee's FSA. A dependent also includes any child of a participant whose 27th birthday will not have occurred by the last day of the current calendar year. Please visit our website www.padmin.com for more information.

ELIGIBLE EXPENSE

Items that are reimbursable under the FSA Plan are classified as "eligible expenses" according to IRS rules. For a detailed list of what is eligible please refer to page 10.

FICA

Taxes collected for Social Security and Medicare benefits.

FLEXIBLE SPENDING ACCOUNT

Also known as an FSA; a pre-tax benefit plan that enables the employee to save up to 30-40% on eligible expenses. By enrolling in this plan, the participant saves on state (except in New Jersey), federal and FICA taxes.

GRACE PERIOD

An employer-chosen provision that gives you two and a half months after the end of the plan year to incur eligible expenses, as long as you are actively enrolled as of the last day of the plan year.

HEALTH FSA CARRY FORWARD

An employer-chosen provision allowing up to a maximum of \$550 of unused Health FSA funds to carry forward into the next plan year. Under the CARES Act of 2020, the maximum rollover amount increases from \$500 to \$550 for plans who adopt this optional provision. The increase will be indexed in future years.

OPEN ENROLLMENT

A designated time, prior to the start of your plan year, during which employees can enroll in the FSA plan and change their benefit elections.

PLAN YEAR

Typically, a twelve month period during which the annual election is effective.

RUN-OUT PERIOD

A period of time after the plan year ends during which participants may submit receipts for expenses that were incurred during the plan year or grace period.

UNIFORM COVERAGE RULE

This rule allows you to access your entire annual election for the Health FSA immediately after the start of the plan year. All other accounts are "pay-as-you-go." This rule only applies for the Health Flexible Spending Account.

USE OR LOSE RULE

An IRS rule which states that employees must spend any remaining balance in their FSA by the end of the plan year. If you don't spend the money, you forfeit it.

WHAT IS AN FSA?

A Flexible Spending Account (FSA) is a pre-tax program your employer sponsors that allows you to save Federal, state and Social Security (FICA) taxes on eligible expenses. When you enroll in a FSA, you increase your take-home pay and improve your bottom line!

How It Works

Under this plan you can use pre-tax money to pay for up to four different kinds of expenses, including: your medical, dental and vision care expenses that are not covered by your insurance; the cost of caring for a dependent while you work; the cost of dental, vision and accident insurance not provided by your employer; and, your cost for adopting a child.

When You Enroll

When you enroll you determine the amount of expenses you anticipate for the upcoming year. The benefits you elect are paid for with pre-tax dollars deducted from your paycheck each payroll period. These dollars are subtracted from your gross earnings before taxes are taken out.

Your Benefits Are Enhanced

FSAs are designed to cut predictable costs while increasing your take-home pay. Maximize every dollar by taking advantage of this benefit choice. Alleviate those high out-of-pocket expenses by enrolling in a plan that works for you.

Your Spendable Income Increases

When you elect pre-tax benefits under a flexible benefits plan, you lower your taxable income on your W-2; therefore, you pay less in taxes and increase your spendable income. Depending on your tax bracket, this plan can save you 30% to 40% on qualifying expenses

Whose Expenses are Eligible?

Under the plan, only the expenses of a participant, a participant's spouse or a participant's dependent(s) qualify for pre-tax treatment. If you are unsure if a person qualifies as an eligible dependent, please refer to P&A's website for a more detailed definition.



ENROLLMENT INFORMATION

Any benefits you elect are paid for with money that is withheld from your pay. These pay reductions do not count as income for income tax or Social Security tax purposes. This means that the Plan allows you to use tax-free dollars for expenses that would otherwise have to be paid for with money that you have already paid taxes on.



When can I enroll?

Participants can enroll in an account during their open enrollment. This is the period of time determined by the employer when employees can elect their benefits and determine how much money to put into an FSA.



Will my Social Security benefits be affected by my contributions to the Plan?

Your Social Security benefits may be slightly reduced because, when your pay is reduced to cover your benefits under the Plan, the amount of contributions that are made to the federal Social Security system to provide you Social Security benefits also are reduced. However, for most employees, the reduction in Social Security benefits will be insignificant compared to the value of paying lower taxes today.



May I change my benefit election?

You may only make a change in your election(s) during open enrollment. This means you may not make a change in your election(s) after the open enrollment period unless you experience a qualifying event, which includes the following:

- a change in legal status (e.g., marriage, death of your spouse, divorce, legal separation or annulment),
- a change in the number of your dependents due to events such as birth or adoption,
- a termination or commencement of employment by your spouse or dependent and,
- a change in the place where you, your spouse or dependent work or reside.

Changes must be requested within 30 days of the qualifying event.

"Use or Lose" Rule

Under IRS guidelines, if you contribute money to a reimbursement account and do not use all of the money you deposit, you will lose any remaining balance in the account at the end of the plan year. Only contribute money you are confident you will use during to pay for qualified expenses during the plan year!

If your employer selects the option to add the grace period provision or Health FSA carry forward provision to the plan, the "use-or-lose" rule will be modified. Please check your Summary Plan Description (SPD) for details specific to your plan.

TAX SAVINGS

Whether you are an individual, part of a dual-income household or a couple with one working spouse, a Flexible Spending Account will provide you with additional benefits and more take-home pay.

additional money for the emergency expenses every family has and allows them to set some money aside to fund an additional retirement plan.

INDIVIDUAL

In the illustration below, the single employee earns \$30,000. She uses the flex plan to pay for her health insurance co-payments, deductibles and vision expenses. By using a flex plan, she increases her take-home pay by \$456. That is additional take-home pay she can use for herself!

COUPLE – ONE WORKING SPOUSE

With grown children and only one spouse working, this couple has no child-care expenses. The annual salary of the working spouse is \$54,000. They use the flex plan to meet their health insurance deductibles and to pay dental care expenses. The flex plan increases the spouse's take-home pay by \$32 per month, or \$384 for the year – a nice raise for the family budget!

WORKING COUPLE WITH DEPENDENTS

This husband and wife both work. They have two children. He makes \$30,000 and she earns \$42,000 per year. They use the flex plan to help pay for orthodontia and child care for their younger child. The chart shows that this couple increases their monthly take-home by \$184 a month or \$2,208 total this year. That gives them

MONTHLY EXPENSES	INDIVIDUAL		WORKING COUPLE WITH DEPENDENTS		COUPLE- ONE WORKING SPOUSE	
	Without FSA	With FSA	Without FSA	With FSA	Without FSA	With FSA
Gross Monthly Income	\$2,500	\$2,500	\$6,000	\$6,000	\$4,500	\$4,500
Less Non-Deductible Benefits						
Medical/Dental Expenses		\$150		\$300		\$200
Child Care Expenses				\$400		
Total Monthly Income Subject to Tax	\$2,500	\$2,350	\$6,000	\$5,300	\$4,500	\$4,300
Monthly Federal & State Taxes*	\$252	\$225	\$324	\$194	\$117	\$100
Monthly Social Security & Medicare Taxes	\$191	\$180	\$459	\$405	\$344	\$329
After Tax Income	\$2,057	\$1,945	\$5,217	\$4,701	\$4,039	\$3,871
After Tax Expenses						
Medical/Dental Expenses	\$150		\$300		\$200	
Child Care Expenses			\$400			
Monthly Spendable Income	\$1,907	\$1,945	\$4,517	\$4,701	\$3,839	\$3,871
Annual Increase in Take-Home Pay		\$456		\$2,208		\$384

*Federal and state taxes reflect 2019 federal tax rates and typical state taxes with standard deductions and exemptions.

ACCOUNT OPTIONS



Health Flexible Spending Account*

Enroll in a Health FSA to save money on medical, dental and vision expenses that are only partially covered or not covered at all by insurance. Eligible expenses include:

- braces
- eyeglasses/prescription sunglasses
- insurance deductibles, co-payments
- OTC medications

Annual Election Amount

If you enroll in a Health FSA, the total amount you elect will be available for use beginning on the first day of your plan year. You will be entitled for reimbursement of claims up to the entire elected amount even if the total salary reduction contributions are less than the total amount of claims that you have submitted.

**The Health FSA is the only account where participants have access to their full annual election immediately. All other accounts accrue the election amount on a per pay deduction basis.*



Dependent Care Assistance Account

Set aside money into this account to pay for dependent daycare expenses for your eligible dependents. Eligible expenses include:

- after school programs
- babysitters
- caregivers/eldercare
- daycare centers

Enroll in a Flexible Spending Account and save money on medical, dental, vision and daycare expenses for you and your eligible dependents!



Stretch your money further when you become a Flex Spending account holder.

CLAIMS & REIMBURSEMENT FAQs

How does P&A reimburse me?

The quickest way to receive your money is by direct deposit into your personal checking or savings account. Sign up for direct deposit by logging into your account from our mobile app (see page 8 for more info) or log into your account at www.padmin.com. If you don't enroll in direct deposit, you will receive reimbursements via check mailed to you at home. Once enrolled in direct deposit, all reimbursements are made through direct deposit until we are otherwise notified.

What is the maximum amount I can be reimbursed?

Medical, dental, vision expenses will be reimbursed based on the total amount indicated on the claim request. This amount must not exceed your total plan-year election amount.

Dependent care expenses will be reimbursed based on the amount indicated on the claims request up to the total amount in your account (payroll deducted) at the time the claim is received. Total amounts must not exceed your plan-year election amount and must be submitted with appropriate documentation to verify eligibility of expenses.

- Minimum check reimbursement is \$25.00
- Minimum direct deposit reimbursement is .50¢

What documentation do I need to submit in order to get reimbursed?

FOR THE HEALTH FSA:

- Insurance company statement or Explanation of Benefits (EOB)
- Itemized bill from the provider showing date of service, services rendered, provider of service, amount paid and, if applicable, amount covered by insurance
- Prescription claims MUST include the Rx pharmacy receipt with Rx number. Credit card receipts are not acceptable

FOR THE DEPENDENT CARE ASSISTANCE ACCOUNT:

A claim must include the name, address and taxpayer identification number of the dependent care service provider. In the case of a babysitter, the taxpayer identification number is the babysitter's Social Security Number. If you cannot remit a copy of your bill/contract, your daycare provider can sign your claim form and you upload as your "receipt."

RECEIVE FASTER REIMBURSEMENTS ENROLL IN DIRECT DEPOSIT!

Enjoy receiving your reimbursement quicker, without the hassle of a check!

BENEFITS CARD

P&A Group offers a Benefits MasterCard to participating employers who choose this option for their employees.

- ✓ The Benefits Card works like a debit card
- ✓ Your card is activated automatically the first time you use it
- ✓ The Benefits Card cannot be used at an ATM machine to withdraw cash
- ✓ Order dependent cards or replacement cards at no cost



When you incur an eligible expense, present your Benefits Card to the provider of the goods or services you are purchasing.

Swipe your card at the point-of-service and the expense will automatically be deducted from your FSA balance.

Save your receipt. P&A encourages you to save your receipts for all purchases in case documentation is requested.

Order a New Card or Additional Cards for Your Dependents

Your Benefits Card is valid for three years from the date of issue. When it's time for you to receive a new card, your card will automatically be mailed to your home address in a plain white envelope. Additional cards may be ordered online for your spouse or eligible dependent, as long as they're 18 years of age. To order a Benefits Card online, download our mobile app and log into your account. You can also log into your account at www.padmin.com and click Benefits Card Order Form under Quick Links.

Unable to Use Your Card? You Can Still Access Your FSA Funds

If you are unable to use your Benefits Card, you can still be reimbursed for all eligible expenses by submitting a claim P&A Group (see page 7 for more info).

Submit claims
anywhere with
our mobile
app. Download
it today!

SUBMIT A CLAIM

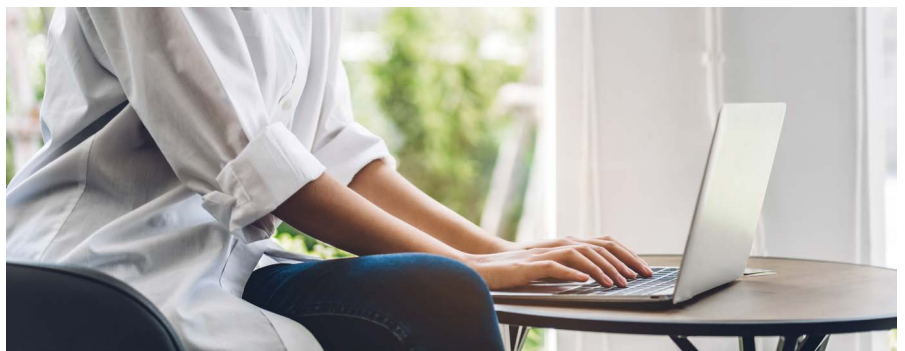
You can submit claims for reimbursement of qualified expenses incurred during the plan year. Each plan also allows for a "run-out" period at the end of the plan year when you can submit claims. Please see your Summary Plan Description (SPD) for your run-out period.

Note: Reimbursements are based on when the service is provided, not when the service is billed or paid.

Choose from several convenient ways to submit your claims. Use our mobile app, upload claims from your computer/tablet/mobile device, or fax/mail a copy to P&A Group.

P&A Group Mobile App

Download our mobile app and log into your account to submit your claims. Choose Upload Claim/Documentation from the menu and follow the prompts on your screen. See page 8 for more info.



QuikClaim Mobile Claim Submission*

Submit a claim directly from your smartphone. First, capture a picture of your receipt or other supporting documentation for your eligible expense. Log into your account at www.padmin.com on your smartphone. Select Upload and follow the prompts on your screen.

Upload Claims from Your Computer

Upload proof of purchase for your eligible expense (i.e., cash register receipt, EOB) by first scanning the documentation into your computer. Then log into your account and select Upload Claim/Documentation.

File a Paper Claim

Claims can also be faxed or mailed. Complete a claim form (log into your account at www.padmin.com to access and print the form) and fax or mail to P&A Group, along with proof of purchase of your eligible expense (i.e., itemized receipt, EOB).

Toll-free fax: (877) 855-7105

Mail: 17 Court Street, Suite 500
Buffalo, NY 14202

**Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2-megapixel camera.*



Completely manage your FSA by logging into your My Benefits account at www.padmin.com.

VISIT OUR WEBSITE

Managing your plan should be simple. Tools are built specifically for you to make account management convenient and straightforward. View your account balance or claim history, upload a claim electronically, chat with a customer service representative and more - all from your P&A account.

How to Log Into Your Account

Sign into your online account through our secure portal at www.padmin.com. Select Login at the top of the homepage and choose Employees from the drop down menu. Enter your username and password in the [My Benefits Account Login](#) box. If this is your first time logging in, click the first time logging in link to create your unique username and password. You can also manage your account through our mobile app.



Need help? We're Here for You



Customer Service Options

- 24/7 account access via IVR at (800) 688-2611
- Toll-free account information available in English & Spanish
- Customer service agents are available Monday - Friday, 8:30 am to 10:00 pm ET
- Live online chat available during customer service hours

PH: (800) 688-2611

WEB: www.padmin.com

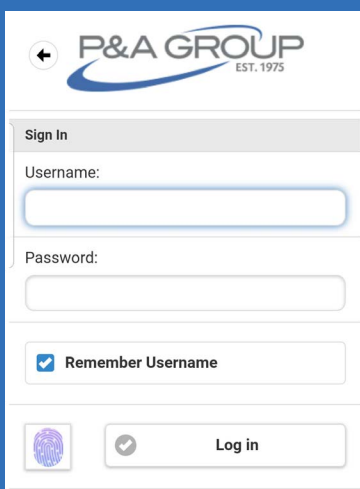
MAIL: 17 Court Street, Suite 500 Buffalo, NY 14202

MOBILE APP

Getting quick and easy access to your account(s) has never been easier. P&A Group offers mobile tools for convenient account management.

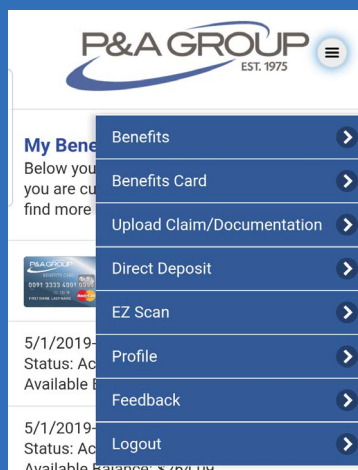
Sign in with Touch ID

With P&A's mobile app, you can sign in with new touch ID technology using your fingerprint. Just turn the fingerprint scanner option on under your phone settings and register your fingerprint under your P&A account profile. Once activated, you can sign into your P&A account with the touch of your finger, or key in your username and password.



My Benefits Menu Options

After you log into My Benefits, your plans are displayed on the screen. Click the menu icon to manage your account with options like upload a claim, order a new Benefits Card and enroll in direct deposit.



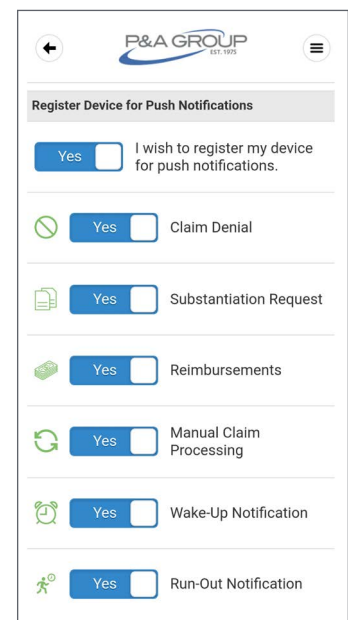
Download P&A Group's Mobile App!

Go to the [App Store](#) (On Apple devices) or [Google Play](#) (on Android devices) and search "P&A Group" to get the app.



Get Account Alerts

Opt-in to receive helpful on-the-go alerts!



Mobile Site

P&A Group's mobile site allows you to manage your account directly from your smartphone or mobile device. Created using the same design as the mobile app, the mobile site offers the same easy-to-use navigation and account management tools. Visit [padmin.com](#) on your mobile device today!

FSA SAMPLE ELIGIBLE EXPENSE LIST

CARES Act of 2020 Update

Over-the-counter (OTC) medications are now reimbursable under FSAs without requiring a prescription or completing a Letter of Medical Necessity Form. This provision is retroactive to January 1, 2020. Menstrual care products are now reimbursable as eligible expenses, including tampons and pads.

Eligible Health FSA Expenses

- Acupuncture
- Alcoholism treatment
- Allergy medication, nasal sprays
- Ambulance
- Analgesics, fever reducers, pain reducers (aspirin, ibuprofen, acetaminophen)
- Antacids and heartburn relief
- Antibiotic ointments
- Anti-itch creams and hydrocortisone creams
- Arthritis pain relieving creams
- Athlete's foot treatment, anti-fungal creams
- Artificial teeth/dentures
- Bandages
- Birth control
- Blood pressure monitors
- Braces
- Braille-books and magazines
- Breast pumps and lactation supplies
- Cancer screening
- Chiropractors
- Chondroitin
- Co-insurance amount you pay
- Cold/hot packs
- Cold medicines, tablets, syrups, cough drops & lozenges
- Co-pay amount you pay
- Compression hose (30-40 mmHg or higher)
- Condoms
- Contact lenses and eyeglasses
- Contact lens solutions
- Cost of medically necessary operations and related treatments
- Crutches
- Deductible medical coverage (amounts you pay)
- Dental fees
- Diabetic supplies
- Diaper rash ointment
- Drug addiction treatment
- Doula
- Ear wax removal kits
- Eye exams, eye surgery
- Eye glasses (protection plans/warranties are NOT eligible expenses)
- Eczema treatments
- Feminine hygiene products
- Fertility treatments (in vitro fertilization, surgery)
- First-aid cream
- Glucosamine
- Hearing devices and batteries
- Hemorrhoid treatments
- Hospital services
- Incontinence products
- Infertility treatments
- Insulin
- Laboratory fees
- Lactose intolerance tablets
- Lamaze classes
- Latex gloves
- Laxatives
- Medical alert bracelets
- Medical information plan
- Menstrual pain relievers
- Mentally handicapped persons cost of special home care
- Motion sickness pills
- Nasal spray and strips
- Nicotine gum, patches
- Nurses fees (including nurses' board and social security tax paid by you)
- Obstetrical expenses
- Orthotics
- Over-the-counter medications
- Oxygen
- Petroleum jelly
- Prosthesis
- Pregnancy tests
- Prenatal vitamins
- Psychiatrists' and psychologists' fees
- Radial keratotomy and lasik eye surgery
- Routine physical & other non diagnostic services or treatments
- Sinus medication
- Smoking cessation programs
- Speech therapy
- Special education for the blind
- Special plumbing for handicapped
- Sterilization (i.e., tubal ligation, vasectomy) and reversal
- Stomach and digestive relief items
- Sunburn cream (Solarcaine)
- Surgical fees
- Telephone, special for hearing impaired
- Television audio display equipment for hearing impaired
- Therapeutic care for drug and alcohol addiction received as medical treatment
- Thermometers
- Toothache and teething pain relievers
- Transportation expenses for person to receive medical care
- Urinary pain relief medication
- Vaccines
- Walkers
- Wart removal, i.e., W Freeze Off (certain wart medicines may require a prescription)
- Wheelchair
- X-rays
- Yeast infection medication

Eligible Health FSA Expenses Only with a Letter of Medical Necessity Form

- Compression hose (20-30 mmHg)
- Dietary supplements
- Exercise programs or equipment
- Fiber supplements
- Humidifier
- Hypnosis
- Infertility treatments
- Lead-base paint removal
- Massage therapy, rolfing therapy
- Mineral supplements
- Occupational therapy
- Orthopedic shoes (Reimbursement is permitted for the cost difference between orthopedic shoes and regular shoes.)
- Scooter, electric
- Service animal (guide dogs are eligible without a LOMN)
- Tuition/meals/lodging for special needs schooling
- Varicose vein, treatment of
- Vitamins
- Water-Pik

Never Eligible

- COBRA premiums
- Concierge service fees - *only medical services actually provided are eligible for reimbursement; membership fees for concierge services are not eligible for reimbursement*
- Cosmetic products and cosmetic surgery (unless to remediate damage from an illness or injury)
- Disposable diapers
- Diet program foods
- Electric toothbrush
- Electrolysis
- Fitness programs*
- Hair transplants*
- Hand sanitizer
- Household help
- Maternity clothes
- Teeth whitening*

**Unless prescribed by a doctor to treat an existing illness or injury.*

Eligible Dependent Care FSA Expenses

- Babysitters
- Daycare centers
- Nursery schools
- After-school programs
- Day camp
- Eldercare
- (Overnight camps are NOT)



Expense eligibility is subject to change. If you are unsure if an expense is eligible for reimbursement, please call P&A Group at (800) 688-2611 or chat with customer service through online webchat at www.padmin.com. Visit www.padmin.com for a more complete eligibility list.



Everything Flex Spending.

Flex spending with zero guesswork.

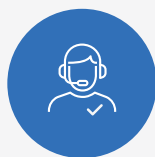
Shop for your FSA-eligible health needs through FSA Store, P&A's vendor partner and the largest selection of guaranteed FSA-eligible products.

Visit
www.padmin.com/fsaextras

and get instant access to great deals and more, including money-saving tips from a Learning Center, an Eligibility List and other features to help answer your toughest FSA questions.



The largest selection of guaranteed FSA-eligible products



24/7 support, FREE shipping on orders over \$50



Are your health needs eligible? Easily check with our expansive Eligibility List



Need an Rx? We'll work with you to make getting one easier



Learning Center Get daily money-saving info



Use your FSA card or any major credit card

Everything 100% guaranteed eligible.



LETTER OF MEDICAL NECESSITY FORM



Certain Flexible Spending Account (FSA) items are eligible for reimbursement only if a letter of medical necessity is provided. The letter must include the diagnosis of a medical condition and state that the expense is necessary to treat the medical diagnosis. It must also include the length of treatment. Examples of expenses that are deemed as medically necessary in order to treat a medical condition (and therefore are eligible for reimbursement under the FSA plan) include massages, gym memberships and weight loss programs. Your physician must complete and sign the form below, thereby acknowledging that the medical expense is being used to treat a medical condition.

This form is valid for one year from the date of signature. A new form must be submitted annually.

EMPLOYEE INFORMATION

Company Name		Employee DOB
Employee Last Name	Employee First Name	Last 4 Digits of SSN or Member ID #
Patient Last Name (if different than above)		Patient First Name (if different than above)

PHYSICIAN'S DIAGNOSIS *(This section must be completed by the attending physician to confirm if treatment is necessary for a specific medical condition.)*

Healthcare Provider Name	Provider License No.	Healthcare Provider Phone No.
Diagnosis Date (mm/dd/yyyy)	Treatment Start Date (mm/dd/yyyy)	Treatment End Date (mm/dd/yyyy)
/ /	/ /	/ /
Please diagnose the medical condition being treated.		
Describe the required treatment.		

I assert that this treatment is medically necessary to treat the specific medical condition noted above. This treatment is not in any way intended for general health maintenance or cosmetic purposes.

Healthcare Provider Signature: X

Date: / /

Submit completed form to P&A Group. Fax: (877) 855-7105
Mail: P&A Group 17 Court Street Suite 500 Buffalo, NY 14202

HOURS: Monday - Friday, 8:30 AM - 10:00 PM ET | WEB: www.padmin.com | PHONE: (800) 688-2611

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AUTHORIZATION FOR RELEASE OF INFORMATION



The HIPAA law was enacted to ensure your healthcare information remains private. As the employee and holder of the spending account, you may want to authorize someone other than yourself to have access to your P&A Group claim and plan information. For example, you may ask your spouse to contact P&A and inquire about a claim. By law, our customer service agents cannot speak to your spouse unless you have authorized the disclosure of protected health information in writing. In order to make the transition of information as seamless as possible, please complete this form and submit it to P&A. Please note, this form can be completed electronically by logging into your P&A Account. You also have the option of sending this form to P&A via fax or mail.

Fax: (877) 855-7105 Mail: 17 Court Street Suite 500 Buffalo, NY 14202

I. INFORMATION ABOUT THE USE OR DISCLOSURE

I hereby authorize the use or disclosure of my individually identifiable information as described below. I understand that this authorization is voluntary and that I may revoke it at any time by submitting my revocation in writing to the entity providing the information.

Participant name:

SSN Number:

Persons authorized to receive the information:

Relationship to the participant, including authority for status as representative:

☐ I authorize any and all information shared with the above named persons, with the following exception(s):

Unless otherwise revoked, this authorization will expire on the following date: ____/____/____

If I fail to specify a date, this authorization will expire when I cease to be a participant under this plan.

II. IMPORTANT INFORMATION ABOUT YOUR RIGHTS

I have read and understand the following statements about my rights:

- I may revoke this authorization at any time by notifying the providing organization in writing, but the revocation will not have any affect on any actions the entity took before it received the revocation.
- I may see and copy the information described on this form if I ask for it.
- I am not required to sign this form to receive my health care benefits (enrollment, treatment or payment).
- The information that is used or disclosed pursuant to this authorization may be re-disclosed by the receiving entity. I have the right to seek assurances from the above-named persons/organizations authorized to receive the information that they will not re-disclose the information to any other party without my further authorization.

III. SIGNATURE OF PARTICIPANT

SIGNATURE:

DATE: ____/____/____

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Dependent Care Guidelines

QUALIFYING INDIVIDUALS

Dependent care expenses must be provided to Qualifying Individuals. A Qualifying Individual is defined as any of the following:

1. A person under age 13 who is your "qualifying child" under the Internal Revenue Code (the "code"). i.e., (a) he or she has the same principal residence as you for more than half the year, (b) he or she is your child or step-child (by blood or adoption), foster child, sibling or step-sibling, or a descendant of one of them; and (c) he or she does not provide more than half of his or her own support for the year.

If you are divorced or separated, you must be the primary custodial parent of your child in order to be eligible for this account (irrespective of whether which parent may claim a personal exemption for the child on his or her federal income tax return). Non-custodial parents may wish to check with your legal or tax advisor to see if special rules apply to you that would enable you to utilize this account.

2. Your spouse if he or she is physically or mentally incapable of self-care and has the same principal abode as you for more than half the year.

3. A person who is physically or mentally incapable of self-care, has the same principal abode as you for more than half the year and is your tax dependent under the Code (for this purpose, status as a tax dependent is determined without regard to the gross income limitation for a "qualifying relative" and certain other provisions of the Code's definition).

ELIGIBLE EXPENSES

Eligible expenses are defined as those that enable you (and your spouse, if any) to be gainfully employed* or to seek employment. They include the following:

1. Expenses for services provided by a dependent care center (including a day camp) that complies with all applicable state and local laws and regulations;
2. Expenses for the care of a Qualifying individual or for household services attributable in part to the care of a Qualifying individual
3. Expenses for services outside of your household for the care of a qualifying individual other than a person under age 13 who is your qualifying child, provided that qualifying individual regularly spends at least eight hours per day in your household.

In the case of any expenses for dependent care services provided by a child of yours, that child must be at least 19 years old at the end of the year in which the services were provided.

**If your spouse is a full-time student or is physically or mentally not capable of self-care, he or she is treated as if gainfully employed. A spouse is a "full-time student" if he or she is enrolled at and attends a school for the number of hours or classes that the school considers full time. Your spouse must have been a student for some part of each of five calendar months during the year.*

PROHIBITED EXPENDITURES

Expenditures that are prohibited for reimbursement include the following:

1. Babysitting for social events;
2. Educational expenses;
3. Charges for overnight camp
4. Expenses that you will take as a child care tax credit on your income tax return; and
5. Expenses for services provided by your spouse, by a parent of your under-age-13 qualifying child or by a person for whom you or your spouse is entitled to claim a personal exemption on a federal income tax return.

MAXIMUM ANNUAL CONTRIBUTION

The maximum annual contribution is \$5,000 (\$2,500 if you are married and file separate income tax returns), but no more than the lesser of the earned income of you or your spouse. If your spouse is a full-time student or incapacitated, the maximum annual election is \$3,000 for one child or \$5,000 for two or more children. (Amounts subject to change due to IRS guidelines.)



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