

## Flexible Spending Account Eligible Expenses

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### Prescription Drugs

- Prescription medications qualify unless they are reimbursed by insurance.
- Co-pays for prescription medications qualify

### Doctors Fee's & Co-Pays

**Co-pays and other payments to doctors and health care providers qualify unless they are reimbursed by insurance. Fees and expenses that qualify include:**

- Doctor office co-pays
- Emergency room co-pays
- Out patient surgery co-pays
- Inpatient admission co-pays
- Office visits
- Routine check ups
- Routine physicals and other non-diagnostic services or treatments
- Psychologist and psychiatrist fees
- Obstetrics and fertility
- Chiropractor and podiatrist fees
- Orthodontist and dentist fees
- Periodontist and endodontist fees
- Physician and Osteopath fees
- Acupuncture fees
- Eye exams
- Christian Science practitioner's fees
- Radiology
- Surgical fees
- Lab fees
- Diagnostic fees
- X-Rays and MRI
- Weight loss programs and fees pertaining to a specific disease
- Reconstructive surgery in connection with birth defects, disease or accident

#### **Doctor fees that DO NOT qualify:**

- Cosmetic surgery and procedures unless it is for reconstruction due to disease, birth defect or accident
- Dental bleaching
- Marriage and family counseling
- Weight loss programs for general health or appearance
- Over-the-counter items, drugs or medications that are not medically necessary or are not prescribed by your physician or health practitioner.

### Vision Services & Supplies

**Vision services and supplies qualify unless they are reimbursed by insurance.**

- Vision co-pays
- Office visits and routine eye exams
- Prescribed sunglasses and eyeglasses
- Contact lenses, solutions and supplies
- Corrective eye surgery
- LASIK surgery
- Cataract surgery
- Optometrist fees
- Physician and ophthalmologist fees
- Surgical fees and x-rays

#### **Eye care expenses that DO NOT qualify for reimbursement:**

- Cosmetic surgery and procedures unless it is for reconstruction due to disease, birth defect or accident
- Over-the-counter items, drugs or medications that are not medically necessary or are not prescribed by your physician or health practitioner

### Dental Services & Supplies

**Dental services and supplies that qualify unless they are reimbursed by insurance:**

- Co-payments
- Dental fillings, crowns and bridges
- Deductibles
- Dentures
- Diagnostic fees
- Endodontist fees
- Oral surgery
- Orthodontist and dentist fees
- Periodontist fees
- Prescribed medicines
- Routine checkups
- Dental sealants
- Surgical fees
- X-rays

#### **Dental expenses that DO NOT qualify for reimbursement:**

- Cosmetic surgery and procedures unless it is for reconstruction due to disease, birth defect or accident
- Over-the-counter items, drugs or medications that are not medically necessary or are not prescribed by your physician or health practitioner

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### Health Improvement Programs

#### **Health improvement programs that qualify unless they are reimbursed by insurance:**

- Physical and speech therapy
- Weight-loss programs (for specific disease)
- Quit smoking programs
- Alcoholism and drug treatment
- Special schooling for a disabled child
- Body scans
- Reconstructive surgery associated with birth defect, disease or accident
- Home drug tests
- Cholesterol tests and monitors
- Home blood tests
- Gastric bypass surgery

#### **Health improvement expenses that DO NOT qualify for reimbursement:**

- Weight-loss programs for general health or appearance
- Cosmetic surgery and procedures unless it is for reconstruction due to disease, birth defect or accident
- Dental bleaching
- Marriage and family counseling
- Over-the-counter items, drugs or medications that are not medically necessary or are not prescribed by your physician or health practitioner

### Health Related Expenses & Equipment

Generally, these items require a doctor's prescription to qualify.

#### **Health related expenses and equipment that qualify unless they are reimbursed by insurance:**

- Humidifiers and vaporizers
- Gloves and masks
- Oxygen
- Pill boxes
- Shower protection for casts, prostheses, etc.
- Therapeutic support gloves
- Elevated toilet seat
- Special school for disabled child
- Artificial limbs and braces
- Arches and orthopedic shoes
- Wigs for hairloss caused by disease
- Shower bars and safety handles
- Hearing devices and batteries
- Crutches and canes
- Wheelchairs, walkers and shower chairs
- Medical alert bracelet and fees
- Bedpans and ring cushions
- Travel to doctors or health care facilities
- Ambulance expenses

#### **Health care expenses that DO NOT qualify for reimbursement:**

- Expenses and equipment that are not medically necessary or are not prescribed by your health practitioner
- Weight-loss programs for general health or appearance

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### Child Dependent Care

**The following dependent care expenses qualify for reimbursement under an FSA plan. Dependent care expenses are those that are necessary for you and your spouse (if married) to be gainfully employed.**

- Nanny expenses, for services provided inside your home, are eligible to the extent they are attributable to dependent care expenses and expenses of incidental household services.
- Dependent care expenses incurred for services outside your home, providing they are incurred for the care of a qualifying dependent that regularly spends at least eight hours per day in your home.
- Registration fees to a day care facility are eligible as long as the fees are allocable to actual care and not described as materials or other fees.
- Nursery school expenses are eligible, even if the school also furnishes lunch and educational services.
- Food and incidental expenses (diapers, activities, etc.) may be eligible if part of dependent care charge.
- Expenses paid to a relative (e.g. child, parent, or grandparent of participant) are eligible. However, the relative cannot be under age 19 or a tax dependent of the participant.
- FICA and FUTA payroll taxes of the day care provider.
- Dependent care expenses incurred to enable the employee to find work are eligible.
- The reimbursement may not exceed the smaller of the following limits: - The maximum allowed under the plan - \$5,000 (if you are filing a joint tax return) and \$2,500 if separate returns are filed - Your taxable compensation (after all compensation reduction elections) - If you are married, your spouse's actual or deemed earned income.

### **Dependent care expenses that DO NOT qualify:**

- Kindergarten fees are almost always an education expense and should never be reimbursed under a dependent care plan.
- Elementary school expenses for a child in first grade or higher.
- Overnight camp.
- Food, transportation, and incidental expenses (diapers, activities, etc.) are not eligible if charged separately from dependent care expenses.
- Expenses paid to a housekeeper, maid, cook, etc. are not eligible, except where incidental to child care.
- Mass transit and parking.

### **How does this plan compare to the credit on my Form 1040?**

Whether or not to participate in the Dependent Care Benefit (DCB) or to take the tax credit when you file your taxes depends on your income, filing status, number of dependents, and annual daycare expenses. Use our easy calculator to determine your savings.

### **Limitations: Child dependent care expenses may not exceed the smaller of the following limits:**

- The maximum allowed under the plan
- \$5,000 (if you are married and filing a joint tax return or are filing as single, head of household) and \$2,500 if you are married and separate returns are filed
- Your taxable compensation (after all compensation reduction elections)
- If you are married, your spouse's actual or deemed earned income
- Eligible expenses include daycare costs for dependent children under the age of 13, or a child who is physically or mentally incapable of self care.
- The child must spend at least eight hours a day in your household.

### Elder & Adult Dependent Care

**Elder and adult dependent day care expenses that qualify must allow you and your spouse, if you are married, to work or look for work:**

- Housekeeper and nurse's fees, for services provided inside your home, are eligible to the extent they are attributable to elder care expenses and expenses of incidental household services.
- Elder care expenses incurred for services outside your home, providing they are incurred for the care of a dependent that regularly spends at least eight hours per day in your home.
- Food and incidental expenses may be eligible if part of dependent care charge.
- Expenses paid to a relative (e.g. child) are eligible. However, the relative cannot be under age 19 or a tax dependent of the participant.
- FICA and FUTA payroll taxes of the daycare provider.

### **Elder and adult dependent care expenses that DO NOT qualify for reimbursement:**

- Overnight stays at medical or recreational facilities.
- Food, transportation, and incidental expenses (diapers, activities, etc.) are not eligible if charged separately from dependent care expenses.
- Expenses paid to a housekeeper, maid, cook, etc. are not eligible, except where incidental to adult dependent care.
- Mass transit and parking.

### **How does this plan compare to the credit on my Form 1040?**

Whether or not to participate in the Dependent Care Benefit (DCB) or to take the tax credit when you file your taxes depends on your income, filing status, number of dependents, and annual dependent care expenses. Use our easy calculator to determine your savings.

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### Limitations: Adult dependent care expenses may not exceed the smaller of the following limits:

- The maximum allowed under the plan.
- \$5,000 (if you are married and filing a joint tax return or are filing as single, head of household) and \$2,500 if you are married and separate returns are filed.
- Your taxable compensation (after all compensation reduction elections). If you are married, your spouse's actual or deemed earned income.
- Eligible expenses include day care costs for dependent elders or a dependent who is physically or mentally incapable of self care.
- The dependent must spend at least eight hours a day in your household.

### Adoption Expenses

#### Adoption expenses that qualify include:

- Reasonable and necessary legal adoption fees
- Court costs
- Attorney fees
- Other expenses which are directly related to, and the principal purpose of which is for the legal adoption of an eligible child

#### Qualifying child:

- Individual who has not attained the age of 18 as of the time of the adoption.
- A child that is physically or mentally incapable of caring for himself.

#### A Child with special needs:

- Any child who cannot or should not be returned to the home of his or her parents and a specific factor or condition makes it reasonable to conclude that the child cannot be placed with adoptive parents unless assistance is provided as determined by the state.
- The child must be a citizen or resident of the United States.

#### Adoption expenses that DO NOT qualify for payment by the plan:

- Adoption of a child belonging to the participant's spouse
- Illegal adoption fees
- Surrogate parenting arrangements
- Legal adoption expenses for which another deduction or credit is allowed

#### Income Limitations:

The credit is phased out for participants with a household modified adjusted gross income over \$182,520 in 2010 (\$185,210 in 2011) and no credit is allowed to participants with a household modified adjusted gross income of \$222,520 or more in 2010 (\$225,210 in 2011).

### Maximum payments allowed by IRS:

The limit for 2010 is \$13,170 (\$13,360 in 2011). If you expect to pay more than the annual limit for any single adoption attempt, you might want to take advantage of both a tax credit on your Form 1040 and let the plan pay additional adoption expenses.

**Please note:** Although you won't save FICA on contributions to the Adoption Assistance Plan, you will save federal and state tax (where applicable). Consult your tax advisor for details

### Transit & Parking for Work

#### Transit and parking expenses for travel to and from work that qualify:

- **Transit Passes:** A pass, token, fare card, voucher or similar item entitling a person to transportation on mass transit facilities or provided by a person who transports people for compensation or hire in a vehicle which seats at least six adults, excluding the driver.
- **Qualified Parking:** Parking provided on or near the employer's business premises or at a location from which the employee commutes by carpool, commuter highway vehicle, etc.
- **Commuter Highway Vehicle:** Transportation provided by an employer to an employee, in a vehicle which seats at least six adults (excluding the driver), in connection with travel between the employee's home and work, provided that 80 percent of the vehicle's mileage is reasonably expected to be for transporting employee from home to work or on trips where at least half of the adult seating capacity is filled by employees.

#### Limitations:

- Transit Passes - \$230.00 per month for the calendar years 2010 *and* 2011.
- Qualified Parking - \$230.00 per month for the calendar years 2010 *and* 2011.
- Commuter Highway Vehicle - \$230.00 per month for the calendar years 2010 *and* 2011.