



## Flexible Spending Accounts (FSA)

A Flexible Spending Account provides significant advantages.

### What Is a Flexible Spending Account?

You have the opportunity to enroll in a Flexible Spending Account (FSA) for your out-of-pocket health care or dependent daycare expenses. An FSA provides significant advantages, such as:

- **Immediate Tax Savings:** Contributions to your FSA are made on a pre-tax basis, which lowers your taxable income and may decrease the amount you pay in federal, state, local and FICA taxes.
- **Increased Spendable Income:** Your net income may increase each month because your contributions to the FSA lower your taxable income.
- **Improved Cash Flow:** An FSA allows you to budget for your medical, dental, and vision expenses on a pre-tax basis. Your total Health Care FSA election is available at the beginning of the plan year, which gives you the ability to use the funds as needed, yet have a small amount (election/number of pay periods) deducted from your payroll each pay date.
- **Coverage for Entire Family:** When making your election, remember to include expenses for yourself, your spouse and/or your tax dependents.

Your FSA will be administered by the highly experienced staff at Stanley, Hunt, DuPree & Rhine (SHDR).

### How FSAs Work

There are two types of FSAs:

- Health Care FSA allows reimbursement of qualifying out-of-pocket medical expenses.
- Dependent Daycare FSA allows reimbursement for work-related dependent daycare expenses for dependents under the age of 13 or dependent adults incapable of self-care.

Before you enroll, you must first decide how much you want to contribute to each account. You should spend some time estimating your anticipated eligible medical and dependent daycare expenses by analyzing your out-of-pocket expenses from the previous calendar year. Your annual election is divided into equal amounts each pay period and contributions are placed into your accounts. You have access to the entire health care FSA once the plan year begins; however, you will only be eligible to receive reimbursement up to the amount of payroll contributions you have available for the dependent daycare account.

Limits on the amount you can contribute to the dependent daycare FSA are established by federal IRS policy and the same for every company. However, the maximum amount you can contribute each year to your health care FSA is determined by your employer up to the IRS maximum limit.

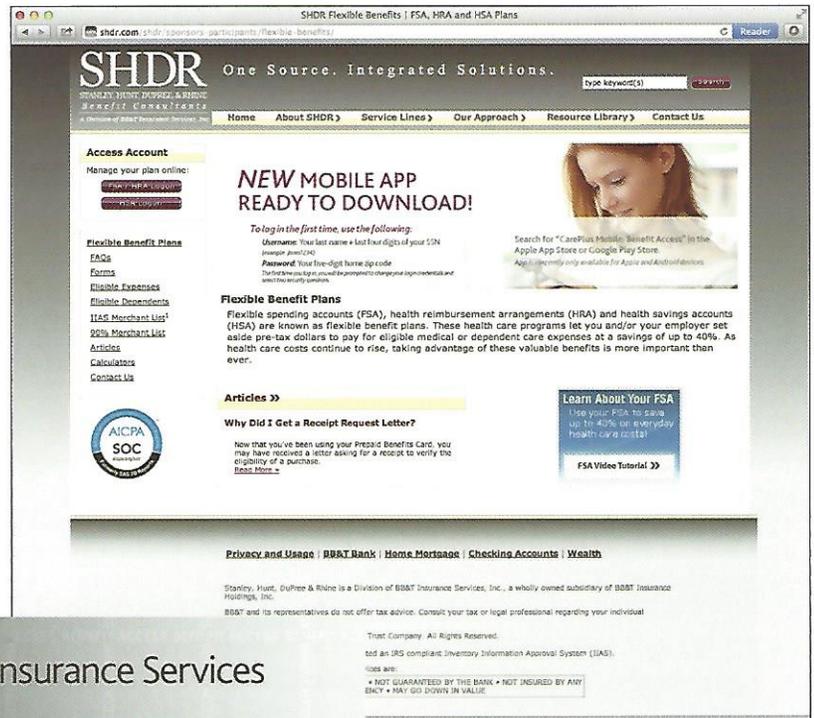
## Simple Access to Your FSA

You have many ways to access your FSA:

- You may access [www.shdr.com/flex](http://www.shdr.com/flex). This website is designed to make it easy and convenient to view account balance and claim history, sign up for direct deposit, file a claim, or use the tools and support tab for links to helpful information.
- The **CarePlus Benefit Access Mobile App** is available for Apple and Android users. With the app, you may view your account balance and claim history, file a claim take a picture of receipts with your device's camera and upload to SHDR, and receive text alerts or report a lost or stolen card. Download at Apple App Store or Google Play.



- Use your **CarePlus Benefit Access Visa® Debit Card** when paying for eligible out-of-pocket expenses. When paying for services with your debit card, you should keep all receipts or your Explanation of Benefits (EOB) because you may be asked to provide additional substantiation as required by the IRS. The online portal offers an easy, secure way to keep your receipts, if you need to provide documentation.
- You may also speak to a benefit representative by calling 800-768-4873 or 800-930-2441 Monday–Friday, 8 a.m.–8 p.m. ET.



## Reimbursement Options

Use your CarePlus Benefit Access Visa® Debit Card for easy payment to the provider. The debit card gives you immediate, electronic access to funds stored in your health care or dependent daycare accounts. The debit card can be used at stores (pharmacy, big box store, or supermarket) where FSA-eligible items can be identified at checkout. Using your CarePlus Benefit Access Visa® Debit Card eliminates the need to file claim forms; however, itemized receipts may need to be submitted, if requested.

You may file a manual claim electronically by using the consumer portal ([www.shdr.com/flex](http://www.shdr.com/flex)) or through the CarePlus Benefit Access Mobile App on your Apple or Android smart phone. You will simply complete the claim form, take a picture of your receipt and upload both through your phone.

## Why You Should Participate in an FSA

By reducing your taxes, FSAs can help you increase your monthly spendable income and budget for health care and dependent daycare expenses. Here's an example of how you could save through an FSA:

	With FSA	Without FSA
Monthly gross pay	\$2,500	\$2,500
Pre tax contributions to FSA		
Dependent daycare	\$300	\$0
Health care	\$100	\$0
Taxable Income	\$2,100	\$2,500
Less federal, state, FICA taxes	\$790.65	\$941.25
After-tax monthly pay	\$1,309.35	\$1,558.75
After-tax expenses		
Dependent daycare	\$0	\$300
Health care	\$0	\$100
Net spendable income	\$1,309.35	\$1,158.75
Monthly savings	\$150.60	\$0
Annual savings	\$1,807.20	\$0

This example is for illustrative purposes only and is not intended to represent any specific benefits plan or potential plan savings. Hypothetical plan savings are based on the employee's federal, state, local, and FICA taxes totaling 37.65 percent of annual income. Your tax rates and actual savings are likely to be different.

## FSA Limits

### Dependent Daycare FSA

Maximum Annual Contributions	Eligible Expenses	Eligible Dependents
<ul style="list-style-type: none"> <li>• \$5,000 if you are head of household or are married filing a joint return</li> <li>• \$2,500 if you are married filing a separate return</li> <li>• Reimbursement is limited to the current balance in the Dependent Daycare Account</li> </ul>	<ul style="list-style-type: none"> <li>• Reimbursable expenses generally are those that would be deductible on your tax return, such as child care (including some types of nonresidential summer camps) and elder care that is necessary for you to go to work</li> <li>• More details are available in IRS Publication 503, Child and Dependent Daycare Expenses</li> </ul>	<ul style="list-style-type: none"> <li>• A child under 13 whom you can claim as a dependent</li> <li>• A spouse or other dependent who is physically or mentally incapable of caring for himself or herself</li> </ul>

### Health Care FSA

Maximum Annual Contributions	Eligible Expenses: During the year, you have access to a health care FSA for reimbursement of expenses your insurance does not cover, including:	
<ul style="list-style-type: none"> <li>• Your company will set your Health Care FSA plan limit and advise you of it during your annual enrollment</li> <li>• Your entire annual contribution is available at the start of the plan year</li> </ul>	<ul style="list-style-type: none"> <li>• Deductibles, co-pays and other eligible expenses not covered by insurance</li> <li>• Prescription drugs and medical supplies</li> <li>• Dental services, orthodontics and dentures</li> <li>• Eyeglasses, contacts, solutions and eye surgery</li> <li>• Weight-loss programs (associated with treatment of a specific disease)</li> </ul>	<ul style="list-style-type: none"> <li>• Chiropractic services</li> <li>• Psychiatric care and psychologist fees</li> <li>• Smoking-cessation programs</li> <li>• A more complete list of eligible expenses is available in IRS Publication 502, Medical and Dental Expenses</li> </ul>

## Is an FSA Right for Me?

An FSA is a great way to pay for expenses with pre-tax dollars. A Health Care FSA could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance or deductibles for health, prescription, dental or vision plans
- Have a health condition that requires the purchase of prescription medications on an ongoing basis
- Wear glasses or contact lenses, or are planning LASIK surgery
- Need orthodontia care, such as braces, or have dental expenses not covered by your insurance

A Dependent Daycare FSA provides pre tax reimbursement of out-of-pocket expenses related to dependent care. This benefit may make sense if you (and your spouse, if married) are working or in school, and:

- Your dependent children under age 13 attend daycare, after-school care or summer day camp
- You provide care for a person of any age whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself

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## Eligible and Ineligible Expenses

Health Care Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA) contain pre-tax funds that can be used for a variety of out-of-pocket health care expenses. The following is a list of eligible and ineligible expenses.

### Eligible Expenses

#### BABY/CHILD TO AGE 13

- Lactation Consultant\*
- Lead-Based Paint Removal
- Special Formula\*
- Tuition: Special School/Teacher for Disability or Learning Disability\*
- Well Baby/Well Child Care

#### DENTAL

- Dental X-Rays
- Dentures and Bridges
- Exams and Teeth Cleaning
- Extractions and Fillings
- Oral Surgery
- Orthodontia
- Periodontal Services

#### EYES

- Eye Exams
- Eyeglasses and Contact Lenses
- Laser Eye Surgeries
- Prescription Sunglasses
- Radial Keratotomy

#### HEARING

- Hearing Aids and Batteries
- Hearing Exams

#### LAB EXAMS/TESTS

- Blood Tests and Metabolism Tests
- Body Scans
- Cardiograms
- Laboratory Fees
- X-Rays

#### MEDICAL EQUIPMENT/SUPPLIES

- Air Purification Equipment\*
- Arches and Orthotic Inserts
- Compression Stockings\*
- Contraceptive Devices
- Crutches, Walkers, Wheel Chairs
- Exercise Equipment\*
- Hospital Beds\*
- Mattresses\*
- Medic Alert Bracelet or Necklace
- Nebulizers
- Orthopedic Shoes\*
- Oxygen\*
- Post-Mastectomy Clothing
- Prosthetics
- Syringes
- Wigs\*

#### MEDICAL PROCEDURES/SERVICES

- Acupuncture
- Alcohol and Drug/Substance Abuse (inpatient treatment and outpatient care)
- Ambulance
- Fertility Enhancement and Treatment
- Hair Loss Treatment\*
- Hospital Services
- Immunization
- In Vitro Fertilization
- Physical Examination (not employment-related)
- Reconstructive Surgery (due to a congenital defect, accident, or medical treatment)
- Service Animals
- Sterilization/Sterilization Reversal
- Transplants (including organ donor)
- Transportation\*

#### MEDICATIONS

- Insulin
- Prescription Drugs

#### OBSTETRICS

- Doulas\*
- Lamaze Class
- OB/GYN Exams
- OB/GYN Prepaid Maternity Fees (reimbursable after date of birth)
- Pre- and Postnatal Treatments

#### PRACTITIONERS

- Allergist
- Chiropractor
- Christian Science Practitioner
- Dermatologist
- Homeopath
- Naturopath\*
- Optometrist
- Osteopath
- Physician
- Psychiatrist or Psychologist

#### THERAPY

- Alcohol and Drug Addiction
- Counseling (not marital or career)
- Exercise Programs\*
- Hypnosis\*
- Massage\*
- Occupational
- Physical
- Smoking Cessation Programs\*
- Speech
- Weight Loss Programs\*

The IRS does not allow the following expenses to be reimbursed as they are not prescribed by a physician for a specific ailment.

## Ineligible Expenses

- Cosmetic Surgery/Procedures
- Electrolysis
- Marriage or Career Counseling
- Insurance Premiums and Interest (FSA plan)
- Long-Term Care Premiums (FSA plan)
- Personal Trainers
- Sunscreen (spf less than 30)
- Swimming Lessons

**On January 1, 2011, funds can no longer be used to purchase OTC medicines and drugs unless the medicine or drug is prescribed.** A "prescription" means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state.

If you have a prescription for an OTC medicine or drug, you can use your SHDR Benefit Access Visa® Card for this purchase as long as the prescription is filled by the pharmacist with an Rx number assigned. **CHECK WITH YOUR PHARMACIST TO MAKE SURE THEY CAN FILL AN OTC PRESCRIPTION.** If your OTC prescription is not filled by a pharmacist, you must pay out-of-pocket and submit a manual claim requesting reimbursement.

## Eligible Over-the-Counter Items

**Note:** Product categories are listed in bold; common examples of products are listed in regular face.

The following is a list of example Over-the-Counter (OTC) items that clearly are not medicine or drugs and are eligible for purchase with Health Care FSA dollars. You can use your benefits card for these items.

- **Antiseptics, Wound Cleansers**  
Alcohol, peroxide, epsom salt
- **Baby Electrolytes**  
Pedialyte, Enfalyte
- **Denture Adhesives, Repair, and Cleansers**  
PoliGrip, Benzodent, Efferdent
- **Diabetes Testing and Aids**  
Insulin, Ascencia, One Touch, Diabetic Tussin, insulin syringes; glucose products
- **Diagnostic Products**  
Thermometers, blood pressure monitors, cholesterol testing
- **Elastics/Athletic Treatments**  
ACE, Futuro, elastic bandages, braces, hot/cold therapy, orthopedic supports, rib belts
- **Eye Care**  
Contact lens care
- **Family Planning**  
Pregnancy and ovulation kits
- **First Aid Dressings and Supplies**  
Band Aid, 3M Nexcare, non-sport tapes
- **Hearing Aid/Medical Batteries**
- **Incontinence Products**  
Attends, Depend, GoodNites for juvenile incontinence
- **Reading Glasses and Maintenance Accessories**

For additional information, please contact your Plan Administrator.



This list is not meant to be all-inclusive, as other expenses not specifically mentioned may also qualify. Also, expenses marked with an asterisk (\*) are "potentially eligible expenses" that require a Note of Medical Necessity from your health care provider to qualify for reimbursement. For additional information, check your Summary Plan Document or contact your Plan Administrator. Please note that this listing is subject to change at any time and without notice due to new legislation. The SHDR Benefit Access Visa Card is issued by Branch Banking and Trust Company, Member FDIC. Your Benefit Access VISA® Debit Card gives you immediate access to funds stored in your health care or dependent day care accounts. Just select "Credit;" no PIN is required.

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## Debit Card Substantiation

Keep Your Receipts!

Your CarePlus Benefit Access card will definitely improve your cash flow, allowing you to pay your medical, prescription, dental and/or vision expense at the time of transaction, without having to file a claim and wait for reimbursement. The IRS, however, requires the card only be used for eligible expenses and that participants save original, itemized receipts for every expense transaction. If you're audited by the IRS, you will need these documents to prove the expenses were eligible.

### What Does Substantiation Mean?

To substantiate means to prove or support something, confirming it is true or valid. With the CarePlus Benefit Access card, substantiation means you must provide documentation, such as an Explanation of Benefits (EOB) from your insurance provider or an itemized receipt, to prove your purchases were for an eligible expense.

### IRS

The IRS has strict guidelines that require all flexible spending account (FSA) transactions – even those made with the CarePlus Benefit Access card – be substantiated, proving the purchase was for an eligible medical expense. (The IRS rules governing the substantiation requirements are detailed in Revenue Ruling 2003-43 and Notice 2006-69.)

### Why Does the IRS Have These Rules? Isn't This My Money?

Yes, the money you put into your FSA is your money to be used for eligible expenses. To receive this money without paying taxes, you must follow the IRS rules. The IRS says an FSA can only be used for IRS-determined eligible expenses. If you are unable to provide documentation that you used the card for an eligible expense, the IRS may consider your FSA reimbursements taxable, meaning you would be responsible for all taxes on the money contributed to your health FSA.

### Auto-Substantiation

The IRS does allow auto-substantiation for transactions that can be substantiated electronically. The CarePlus Benefit Access technology uses all the IRS-approved methods (e.g., Inventory Information Approval Systems [IIAS], copayment matching, reoccurring expense matching, etc.) to auto-substantiate transactions and reduce paperwork for cardholders. Not all debit card expenses can be auto-substantiated. This is especially true for dental, chiropractic and medical expenses that do not match exactly to your company's health or dental plans.

### What Happens if My Transaction is Not Auto-Substantiated?

For transactions that cannot be auto-substantiated, you will receive a letter or email notification asking you to furnish an itemized receipt or other proof the CarePlus Benefit Access card was used for an eligible expense. Some of the more common instances in which you may receive a letter include:



## What Happens if My Transaction is Not Auto-Substantiated? (continued)

- Medical expenses that do not match the copay amount of your employer's health insurance. Examples: X-rays, lab tests, medical equipment, expenses applied to your deductible, etc.
- When the employee or dependents are not covered by your employer's insurance plan.
- When the transaction is for a charge not associated with a copay amount, such as dental or vision expenses.

If, after the third follow-up letter request, documentation is not received to substantiate expenses, then IRS guidance requires your *CarePlus Benefit Access* card be deactivated. Your card will be reactivated upon receipt of substantiation, submission of offsetting expense or repayment of the transaction. However, while your card is suspended, you may still submit requests for reimbursement for any expenses incurred during this time.

If a transaction is determined to be ineligible or if further documentation is required, additional notification will be sent.

SHDR offers participants the option of receiving debit card receipt requests by email or by opting in to mobile text messages. If you take advantage of this added convenience, please be aware that email requests will be sent from *CarePlus Benefit Access* card (shdr@notifications.shdr.com). Your spam filter may need to be adjusted to allow emails from this source.

## What is an Itemized Receipt?

An itemized receipt must include all of the following:

- Merchant or provider name
- Services received or item purchased
- Date of service
- Amount of the expense

An Explanation of Benefits (EOB) is an excellent source for this information. Cancelled checks, handwritten receipts, cash register receipts or previous balance invoices cannot be used to verify an expense.

## Ineligible Items or Services

The IRS does not allow reimbursement of certain items or services. Please check the eligible/ineligible listing at [www.shdr.com/flex](http://www.shdr.com/flex) for guidance prior to purchasing. You also cannot use current plan year funds to pay for services incurred in the previous plan year.

## Overpayment Process

If the transaction was deemed ineligible or you are unable to supply the required documentation, the IRS requires the cardholder pay the money back into the benefit account. This repayment process may be accomplished by one of several methods:

- You may submit documentation for eligible expenses that have not previously been reimbursed by your FSA.
- Have merchant or provider credit the amount back directly to your FSA.
- Send repayment by a personal check in the amount of the ineligible expense to SHDR. Repayment amount will be credited back to your FSA. Checks may be mailed to: SHDR, P.O. Box 6400, Greenville, SC 29606

After documentation is received, eligible transactions are substantiated or repayments have been made, the *CarePlus Benefit Access* card will be re-activated.

## The CarePlus Benefit Access App

The *CarePlus Benefit Access* app from SHDR provides time-saving features for you to:

- Check current account balances: FSA, TSA, HRA and HSA
- View account activity and receive alerts by text message
- View FSA, TSA, HRA and HSA transaction details
- File new claims with receipt images
- Review expense information
- Enter new expenses
- Submit health care claims and upload receipts using the mobile device's camera
- Manage expense receipts
- Promptly file claims for your reimbursement accounts

Simply download the *CarePlus Benefit Access* app for your Android or Apple device. Log in using the same password you use to access the SHDR consumer portal.



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## A mobile health care app that's designed for you

Easily and securely access your health care spending accounts

Want to check your health care account balances and submit receipts anywhere, anytime? Want to submit a dependent day care claim anywhere, anytime?

Our CarePlus Benefit Access app enables you to easily and securely access your health care spending accounts. You can view account balances and detail, submit health care account claims, and capture and upload pictures of your receipts anytime, anywhere on any iPhone, Android or tablet device. You can also sign up to receive account alerts by text message.

### The CarePlus Benefit Access app from SHDR provides time-saving features for you to:

- Check current account balances: FSA, TSA, HRA and HSA
- View account activity and receive alerts by text message
- View FSA, TSA, HRA and HSA transaction details
- File new claims with receipt images
- Review expense information
- Enter a new expense
- Submit health care claims and upload receipts using the mobile device's camera
- Manage expense receipts
- Promptly file claims for their reimbursement accounts

The CarePlus Benefit Access app provides you with seamless account access to the SHDR portal – and doesn't require you to set up any additional credentials. By using your smartphone you can assess your FSA, TSA, HRA and HSA account balances, and you'll know how much money you have available to spend on qualified medical expenses at the time of purchase.

Conveniently manage your health care information when you want, from wherever you want.

Simply download the CarePlus Benefit Access App for your Android or iPhone (also compatible with iPad® and iPod touch®) and log in using the same password you use to access the SHDR consumer portal.



CarePlus is a robust suite of employee benefits programs, solutions and strategies that improves the health and wealth of its enrolled members and employers. These benefits are only available through BB&T Insurance Services and its affiliated organizations, including SHDR.

Your FSA funds may be held by SHDR in a custodial deposit account at Branch Banking and Trust Company. While so deposited, the funds are FDIC-insured to the extent provided by law. SHDR and its representatives do not offer tax or legal advice. Please consult with your tax and/or legal professional regarding your individual circumstances.