The BESTflex℠ Plan

Health Care FSA Rollover

Contents

Overview of the Rollover	1
Rollover Dollars and the Runout Period	2
Rollover Dollars and the Employee Annual Contribution Limit	3
Rollover Dollars Have No Time Limit	3
Rollover Dollars and the Grace Period	3
Rollover Dollars Don't Apply to the Dependent Care FSA	3
Rollover Dollars May Be Lost If Your Employment Is Terminated	3
Rollover Dollars May Be Lost If You Are No Longer Eligible for the Health Care FSA	3
Rollover May Be Lost If Your Plan Is Amended	3

Learn how to extend your BESTflex℠ Plan with the Health Care FSA rollover.

Overview of the Rollover

The Health Care Flexible Spending Account (FSA) is the BESTflex Plan account you use to pay for out-of-pocket medical, vision, and dental expenses not covered by another health plan. You elect how much pre-tax money to put into this FSA.

To help you manage your health care election, your employer added a Health Care FSA "rollover" to your BESTflex Plan. The rollover helps you from losing unspent amounts up to $500 at the end of the plan year automatically. Unspent amounts over $500 are forfeited to your plan per IRS regulations.

Simply enroll in the BESTflex Plan and the rollover is automatically applied to funds up to $500 that remain in your Health Care FSA at the end of your current plan year. The rollover amount is then added to your new plan year.

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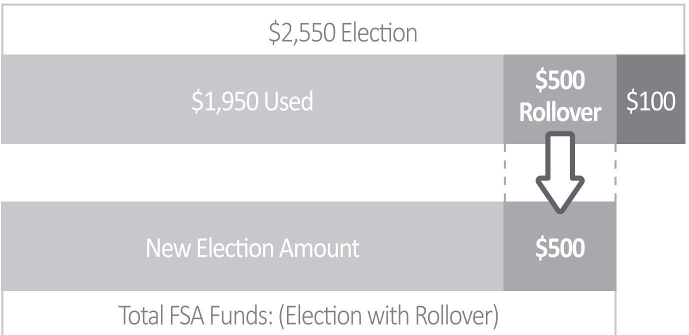
For example, let's say that your Health Care FSA election for the current plan year is $2,550 and you used up $1,950 for health care expenses. This leaves $600 in the account when the plan year ends.

Current Plan Year



New Plan Year

Up to $500 can be rolled over from a previous plan year to a new plan year, automatically.

Of this $600 remaining, $500 is automatically rolled over to your new plan year and added to whatever amount you elected. The remaining $100 is forfeited to the plan.

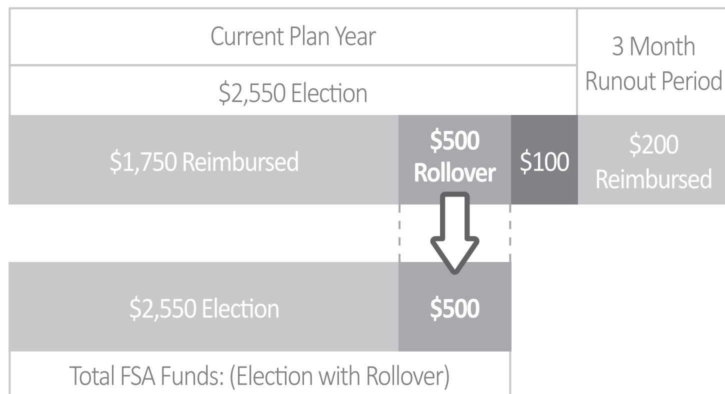
Rollover Dollars and the Runout Period

The BESTflex Plan allows a "runout" period, a specific number of days after the end of the plan year in which you may submit claims for expenses incurred prior during the plan year. Refer to *My Company Plan* for the number of days in your runout period. The runout period doesn't affect any rollover dollars in your Health Care FSA.

For example, your plan might end in December and allow a runout period of 3 months ending in March. Your Health Care FSA election was $2,550 with qualifying expenses for the year totaling $1,950. Included in the $1,950 in expenses are claims of $1,750 submitted during the plan year and $200 submitted during your runout period prior to the end of March.

While $100 of the remaining $600 is forfeited to the plan, $500 is automatically carried over to the next plan year in addition to the contribution limit of $2,550 you elected to place into your Health Care FSA.

Current Plan Year



New Plan Year

During the new plan year, you can incur qualified expenses up to $3,050 (the $2,550 you elected, plus the $500 rolled over from the prior plan year).

Rollover Dollars and the Employee Annual Contribution Limit

You can contribute up to $2,550 per year from your salary or wages (any employer contributions would be in addition to the contribution limit). The contribution limit is unaffected by any funds rolled over from the prior plan year.

For example, if $500 is rolled over from the prior plan year, you can still make an election in the current plan year, up to the contribution limit of $2,550.

Rollover Dollars Have No Time Limit

Dollars that remain in a Health Care FSA at the end of a plan year, up to the $500 maximum, are automatically rolled over from plan year to plan year. There is no limit on the number of years to which unused dollars are rolled over.

Rollover Dollars and the Grace Period

Some plans have a "grace period," a 2 ½ month period after the end of a plan year in which to incur expenses. These expenses are reimbursed from unused Health Care FSA or Dependent Care FSA dollars. IRS regulations state that a plan with a "grace period" cannot allow Health Care FSA dollars to roll over.

Your employer has chosen to allow Health Care FSA rollovers instead of a grace period. This will not impact your Dependent Care FSA, should your employer add a grace period to this account.

Rollover Dollars Don't Apply to the Dependent Care FSA

The rollover applies only to your Health Care FSA. It does not apply to a Dependent Care FSA. Any funds remaining in your Dependent Care FSA at the end of the plan year are forfeited to the plan.

The Health Care FSA Rollover insulates you against forfeiting your unused account balance to the plan.

Additionally, it lets you automatically jump-start your new plan with up to $500 dollars in addition to your election for the new plan year, up to the contribution limit of $2,550.

Rollover Dollars May Be Lost If Your Employment Is Terminated

Regulations governing your Health Care FSA state you cannot be reimbursed for any expense you incur after your employment is terminated. However, qualified expenses you incur before you're terminated may be reimbursed if you submit a reimbursement claim within your plan's runout period.

If you don't submit a claim equal to the amount remaining in your Health Care FSA for qualified expenses incurred prior to your termination, the amount remaining in your account (including any rollover dollars from the previous plan year) is forfeited to the plan.

Rollover Dollars May Be Lost If You Are No Longer Eligible for the Health Care FSA

Regulations governing your Health Care FSA state you cannot be reimbursed for any expense you incur after you lose eligibility. However, qualified expenses you incur before you lost eligibility may be reimbursed if you submit a reimbursement claim within your plan's runout period.

If you don't submit a claim equal to the amount remaining in your Health Care FSA for qualified expenses incurred prior to your loss of eligibility, the amount remaining in your account (including any rollover dollars from the previous plan year) is forfeited to the plan.

Rollover May Be Lost If Your Plan Is Amended

Your employer may amend the plan to eliminate the rollover. This could occur, for example, if your employer decides that more employees would benefit from a 2 ½ month grace period instead of rollover dollars. That's why you should use your rollover dollars instead of rolling them over indefinitely.

Contact Employee Benefits Corporation

Contact Employee Benefits Corporation if you have any questions about your BESTflex Plan.

Email: **participantservices@ebcflex.com**

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