



MRP/FSAs and DCPs allow employees to pay for certain expenses with pre-tax dollars (i.e., you do not pay federal income tax or FICA on benefits purchased through these Plans). Please review the [MRP Notice](#) below and the [DCP Notice](#) on the reverse.

MEDICAL EXPENSES OVERVIEW

- Typical medical expenses include medical expenses not reimbursed by insurance, insurance co-pays and deductibles, prescriptions, contacts or eyeglasses. Medical expenses are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. These expenses include payments for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes.
- Medical care expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Amounts you pay for transportation to obtain medical care are allowed. They do not include expenses that are merely beneficial to general health, such as vitamins or vacation. Do not include insurance premiums.
- IRS Pub 502 includes a partial listing of allowable medical expenses, including bandages, birth control pills, breast pumps, Chiropractor, contact lenses, dental treatment, eye exams, lab fees, Osteopath, physical exam, pregnancy test kit, Psychologist, stop-smoking programs but drugs require a prescription, therapy, or vasectomy. IRS Pub 502 includes a partial listing of non-allowable medical expenses, including childcare, cosmetic surgery, hair removal or transplant, funeral expenses, health club dues, household help, nonprescription drugs and medicines (see OTC below) except for insulin, nutritional supplements unless recommended by a medical practitioner as treatment for a specific medical condition, teeth whitening, weight-loss programs unless treated for a specific disease diagnosed by a physician.
- Over-the-Counter (OTC) medicines and drugs: On March 23, 2010 Congress passed legislation changing the treatment of OTC under the MRP/FSA. Starting January 1, 2011, all OTC medicines and drugs eligible for reimbursement must be accompanied by a doctor's prescription. An exception was allowed for insulin, which does not require a doctor's prescription. Items such as bandages and home health aides do not require a doctor's prescription.
- Under the terms of the MRP/FSA, "Qualifying medical care expenses" means an expense incurred by a Participant, or by the Spouse or Dependent of such Participant, for medical care as defined in Section 213 of the Code (including without limitation amounts paid for hospital bills, doctor and dental bills, and drugs for which a prescription has been obtained), but only to the extent that the Participant or other person incurring the expense is not reimbursed for the expense through insurance or otherwise (other than under the Plan).

IMPORTANT: 'Incurred expenses' means the actual date the service is received or the product is ordered. MRP/FSAs require medical expenses be 'incurred' in the Plan Year to be allowable. Medical expenses that are incurred prior to this Plan Year (or prior to your effective date, if later) do not qualify for reimbursement for this Plan Year.

DEBIT CARDS (DC)

- Participants enjoy the ease and convenience of having a DC, especially in times of emergencies. DCs may only be used to pay for qualified medical expenses.
- Do not discard the Debit Card until it expires. These cards are utilized from Plan Year to Plan Year.
- Debit Card Facts: **(a)** You may receive your DC from your Employer or by USPS mail. It will be active, ready for use. **(b)** Treat the DC as a CREDIT CARD: Always select 'credit' on all transactions. **(c)** Upon swiping the card (referred to as POS, point-of-sale), your fund account balance will be charged. Note that (1) a Merchant may not accept the DC for payment and (2) transactions that exceed the fund account balance may be declined. In both cases, simply use an alternate method of payment, complete a one-page manual claim form and send it to NFC (with support documentation) for processing. See Manual Claims below. **(d)** Keep all transaction receipts, so that we can keep the IRS happy.

IMPORTANT: DO NOT USE THE DEBIT CARD TO PAY FOR MEDICAL EXPENSES OUTSIDE THE PLAN YEAR. THE DEBIT CARD ALWAYS APPLIES THE TRANSACTION TO THE CURRENT PLAN YEAR, BASED ON THE DATE OF THE SWIPE.

IMPORTANT: YOUR EMPLOYER REQUIRES YOU TO SUPPLY AN E-MAIL ADDRESS TO RECEIVE A DEBIT CARD.

MANUAL CLAIM REIMBURSEMENT

Direct Deposit – A Bank Account Must Be Supplied

Simply complete a one-page manual claim form and send it to NFC (with support documentation) for processing. Upon approval, NFC issues a Direct Deposit (or ACH) into your personal checking/savings account. You may expect reimbursement within three (3) business days. Employees must supply their Bank Name, Checking/Savings Account and Bank Routing Number. This information may be supplied to NFC by fax or USPS, or you may enter the information directly into the Debit Card System.

Not Using Direct Deposit

Simply complete a one-page manual claim form and send it to NFC (with support documentation) for processing. NFC forwards all approved claims with reimbursement instructions to your Employer on the **first day of the following month**. Your Employer reimburses you either by separate check or on the next available payroll check. We recommend using the Direct Deposit method!

USE-IT-OR-LOSE-IT RULE / REMAINING BALANCE METHOD

CAUTION: Always be conservative in your estimate.

Your Employer utilizes the Grace Period method in the MRP/FSA. An additional time period of 75 days is allowed after the end of the Plan Year to incur qualified medical care expenses, pay for it yourself, and submit a manual claim to NFC for processing. You have an additional 15 days for submission. These expenses will be applied against the prior year remaining balance, if any. Any amounts not used at the end of the Grace Period is lost, or forfeited. **(Grace Period End Date: 11/14/2017; Submission End Date: 11/29/2017).**

IMPORTANT DEBIT CARD HOLDER NOTICE: DO NOT USE THE DEBIT CARD TO PAY FOR MEDICAL EXPENSES IN THE GRACE PERIOD THAT IS TO BE APPLIED AGAINST THE PRIOR PLAN YEAR REMAINING BALANCE. THE DEBIT CARD ALWAYS APPLIES THE TRANSACTION TO THE CURRENT PLAN YEAR, BASED ON THE DATE OF THE SWIPE.



DEPENDENT CARE EXPENSES OVERVIEW

You must estimate the amount of qualified DCP expenses that you (as well as your spouse) expect to incur during each Plan Year. Note there is a statutory maximum limit based upon your 1040 filing status. For those filing Married Filing Separate, the limit is \$2,500; for all others (Single, Head of Household, and Married Filing Joint) the limit is \$5,000. See Maximum Plan Limit under SPECIAL GUIDELINES below for additional information. *We recommend viewing IRS Publication 503, Child and Dependent Care Expenses. It covers several circumstances that may affect you but may not be discussed below.*

DCP EXPENSES THAT QUALIFY

Qualified DCP expenses are those expenses necessary for you (and spouse, if married) to be employed (or searching for employment). They include: **(a)** Expenses incurred for services inside your home, provided they are for the dependent's well-being and protection (any household service is incidental). **(b)** Expenses incurred for services outside your home, provided they are for the care of a qualifying dependent who regularly spends at least 8 hours per day in your home. **(c)** Expenses incurred for services provided by a daycare center that complies with all state laws. **(d)** Payments to relatives or dependents (i.e., child, parent, or grandparent). See SPECIAL GUIDELINES below. **(e)** Food and incidental expenses (diapers, activities) - must be part of the day care charge. **(f)** Nursery school expenses (may include lunches and educational services). **(g)** Registration fees to a daycare facility - must be related to actual daycare (not materials).

DCP EXPENSES THAT DO NOT QUALIFY

Expenses that do not qualify for DCP include:

- (a)** Kindergarten or Elementary school expenses. **(b)** Expenses incurred for services provided inside your home that are attributable to household service.
- (c)** Food and incidental expenses (diapers, activities) - if charged separately from the dependent care charge. **(d)** Over-night camp expenses.
- (e)** Transportation expenses unless provided by the care provider.

SPECIAL GUIDELINES

• A Qualifying Person (the one receiving care) is:

- (a)** Your qualifying child which is your dependent under age 13 and for whom you can claim an exemption,
- (b)** Your spouse who is physically or mentally not able to care for oneself and lived with you for more than half the year, or
- (c)** A person who is physically or mentally not able to care for oneself, lived with you for more than half the year, and either:
 - (1) Was your dependent, or (2) Would have been your dependent except that he or she received gross income of \$4,000 or more (in 2015).

• A person is physically or mentally not able to care for oneself when:

- (a)** The person cannot dress, clean, or feed themselves due to physical or mental problems, or
- (b)** The person must have constant attention to prevent them from injuring themselves or others.

• The Maximum Limit in a calendar year may not exceed the lesser of:

- (a)** \$5,000 (or \$2,500 if you file Married Filing Separate), **(b)** Your taxable compensation, or
- (c)** If married, your spouse's actual or deemed income. Your spouse will be deemed to have earned income of \$250 (\$500 for two or more dependents) for each month in which your spouse is either: (1) a full-time student at an educational institution, or (2) physically or mentally incapable of caring for oneself.

• Payments To Relatives or Dependents:

You can count work-related payments you make to relatives who are not your dependents, even if they live in your home. However, do not count any amounts you pay to: **(a)** A dependent for whom you (or your spouse if filing jointly) can claim an exemption, **(b)** Your child who was under age 19 at the end of the year, even if he or she is not your dependent, **(c)** A person who was your spouse any time during the year, or **(d)** The parent of your qualifying person if your qualifying person is your child and under age 13.

• Work-Related Expenses:

Child and dependent care expenses must be work-related to qualify for DCP. Expenses are considered work-related only if both following conditions are true:

- (a)** They allow you (and your spouse if filing jointly) to work or look for work. **(b)** They are for a qualifying person's care.

Note: Do not include dependent care expenses as work-related expenses while you are off work (or on sick leave) due to illness.

PLAN YEAR and DATE OF SERVICE

Dependent care expenses incurred in a Plan Year are only allowable for that Plan Year. You cannot incur dependent care expenses in one Plan Year and use those expenses for reimbursement in another Plan Year. The Date of Service is used to determine the proper Plan Year.

USE IT OR LOSE IT / REMAINING BALANCE AT PLAN YEAR END

DCP has a Use-It-Or-Lose-It rule. Any unused funds at the Plan Year End must be forfeited (i.e., cannot be paid to you in cash or used to provide benefits in a later Plan Year). You have 90 days after the end of the Plan Year to submit claims, or **11/29/2017**. **We Recommend You Be Conservative In Your Estimate!**

DCP FUNDS AVAILABILITY

You may be reimbursed only up to the amount that has been withheld (from your pay) at any point through the Plan Year.

DEBIT CARD: A debit card is not available through the DCP.

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