



**THE DALTON STATE COLLEGE  
HEALTH CARE FLEXIBLE SPENDING ACCOUNT**

As of January 1, 2002, Dalton State College implemented a tax-sheltering plan for health care expenses. This plan is known as a Flexible Spending Account. It is a good way to achieve tax savings. Authorized under Sections 129 and 125 of the Internal Revenue Code, Flexible Spending Accounts allow employees to use pretax salary dollars to establish an account, which is then used to reimburse the employee for specific kinds of health care expenses.

An open enrollment period to participate in the flexible spending account program is in effect from mid October through mid November each year. As a regular employee of Dalton State College you will be able to set up a Health Care Flexible Spending Account that will become effective on January 1, the following calendar year. Under this plan, you will be able to pay for your health care expenses (that are not reimbursable under any other health plan) with before tax dollars.

For purposes of this plan, the term "health care" shall have the same meaning as "medical care" in section 213 (d) (1) (A) and (B) of the Internal Revenue Code and the term "dependent" includes any individual who is considered your dependent within the meaning of Section 152 of the Internal Revenue Code.

**\*\*\*HOW THE SPENDING ACCOUNT WORKS\*\*\***

You will be provided with an enrollment form on which you will indicate the amount of the contribution you want deposited into the account for the plan year, January through December. The College will divide this amount by the number of checks you will receive during this twelve-month period. This amount will be deducted from each paycheck before Federal, State, and FICA (Social Security) taxes are deducted. This money is deposited into an account for you and records of your account's activity are maintained.

As you incur health care expenses, you file claims for reimbursement by completing the Health Care Flexible Spending Account Claim Form and processing the form to the Payroll Department. Claims can be filed as frequently as you wish and checks will be distributed through the campus mail. Original receipts are mandatory for reimbursement. Expenditures for the enrolled plan year must be submitted by March 31 of the following year to be reimbursed.

Each quarter you will receive a detailed statement of the activity in your account; however, you are also encouraged to maintain good records.

**\*\*\*IRS REGULATIONS APPLY\*\*\***

For the purpose of this plan, the health care expenditures must be recognized by the Internal Revenue Service as a legitimate expense, as defined in the Internal Revenue Code section 213 (d) (1) (A) and (B).

**\*\*\*REIMBURSABLE EXPENSES\*\*\***

Reimbursable expenses under this plan include, but are not limited to, such expenses as the following:

- Medical expenses for hospital, physician, dental and vision to the extent that they are not reimbursable under the College group health insurance plan or another group health insurance plan, which covers the participant or his/her dependents.
- Uncovered health services such as prescription glasses, contact lenses, hearing aids, etc.

## DSC Health Care Flexible Spending Account

- Employee's portion (usually 20%) of covered expenses under a group health plan that are not reimbursable.
- Other amounts paid for the diagnosis, cure, prevention and/or treatment of disease as prescribed by a health care practitioner.
- Travel expenses associated with health care treatment.

### \*\*\*LIMIT ON PLAN ELECTION\*\*\*

You may elect to open a Health Care Flexible Spending Account and specify the amount of your contribution only once per plan year, unless there is a change in your family status, such as marriage, divorce, the birth, adoption, or death of a dependent, or change in the employment status of your spouse. Changing deductions for personal reasons are not allowed during the year except with a change of status as previously stated. A new election form is required each year during the College's open enrollment period for contributions for the next calendar year.

### \*\*\*THE USE-IT-OR-LOSE-IT RULE\*\*\*

The IRS requires that your expenses equal at least the amount you contribute into your spending account during the plan year. Any unused balance in your account at the end of the plan year must be forfeited and cannot be:

- Paid to you in cash
- Made available to you in any other way, or
- Carried over to the next plan year

Should you terminate your employment, you can be reimbursed for eligible medical expenses until the funds in your account are depleted or until the end of the current plan year, whichever comes first.

**To participate, your net pay is reduced appropriately for your monthly deduction.  
IMPORTANT-The decision to participate is yours; not the employer or the IRS.**