



## **GUIDELINES FOR ELIGIBLE REIMBURSEMENTS**

### **GENERAL:**

- ◆ If you apply for reimbursement of expenses that the IRS later determines to be ineligible, those reimbursements may be taxed as ordinary income and certain penalties may apply, according to the Internal Revenue Code. Similar treatment will be applied to overpayment of reimbursed expenses or reimbursement for expenses that have already been reimbursed from some other source.
- ◆ In general, Section 125 of the Internal Revenue Code governs the tax status of Flexible (or Cafeteria) Benefit Plans, of which Employee Flexible Spending Accounts are a part. Eligibility for pre-tax reimbursement is covered specifically in Code Sections 105 and 106 (Accident/Health Plans), and Section 129 (Dependent Care). Health Reimbursement Arrangements are outlined in Section 105 of the Internal Revenue Code. Related medical expenses allowed through an FSA or HRA are defined in IRC 213.

### **MEDICAL SPENDING ACCOUNT (Type Code - M):**

- ◆ Eligible expenses are qualified medical/dental/vision expenses of the employee, spouse, and dependent(s) that are not eligible for reimbursement from any other source. Submit to your insurance prior to Flex. Expenses that are eligible for reimbursement under a health insurance plan should not be included on this form.
- ◆ A list of typical IRS-approved medical/dental expenses is available from your Personnel Department.

### **DEPENDENT CARE SPENDING ACCOUNT (Type Code - D):**

- ◆ Expenses to provide care for your eligible dependents may qualify for reimbursement. Eligible dependents include children under the age of 13, a disabled child, a disabled spouse, or a dependent disabled parent.
- ◆ Provide Daycare Tax Identification number or Social Security number. Must be included with every request or your claim will be returned.
- ◆ To be eligible, you must be working while your dependents receive care. Also, if you are married, your spouse must be:
  - ◆ A wage earner, or
  - ◆ A full-time student for at least five months during the year, or
  - ◆ Disabled and unable to provide for his or her own care.
- ◆ Expenses eligible for reimbursement are those incurred to enable you to be gainfully employed, and include covered charges by:
  - ◆ Licensed nursery schools and daycare centers.
  - ◆ Individuals -- other than your dependents -- who provide care for your children in or outside your home, or for your disabled spouse or dependent parent in your home.
  - ◆ Housekeepers, maids, or cooks in your home, to include their food and lodging in your home, as long as their services are performed for the benefit of your eligible dependent(s).
- ◆ IRS Regulations limit the amount of reimbursement expense for dependent care to the lower of the annual earned income of your or your spouse. If your spouse is disabled or a full-time student, this limitation assumes that your spouse earns \$250 per month (one dependent) or \$500 per month (two or more dependents).
- ◆ Under IRS Regulations, qualified individuals can receive a tax credit for dependent care costs. This credit is claimed on your personal tax return. You cannot claim the tax credit for any dependent care costs reimbursed from the Dependent Care Spending Account.

### **HEALTH REIMBURSEMENT ARRANGEMENT (HRA) (TYPE CODE H):**

- ◆ Your employer has identified certain qualified medical expenses that may be reimbursed through your HRA.
- ◆ Your Health Reimbursement Arrangement (HRA) Plan may be limited to the types of health care expenses that may be reimbursed to you. Please read the Summary Plan Description for your HRA Plan, for a list of eligible expenses.