

# MoneyPlus\$

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# MoneyPlu\$ — Your Tax-favored Accounts Program

## What is MoneyPlu\$?

MoneyPlu\$ offers tax-favored accounts – IRS-approved, tax-free benefits. If you are an active employee, these accounts save you money on eligible medical and dependent care costs by enabling you to pay these expenses with funds deducted from your salary before it is taxed.

The MoneyPlu\$ program is governed by Sections 105, 125, 129 and 223 of the Internal Revenue Service code. Fringe Benefits Management Company (FBMC) is the program's third-party administrator. Each account has an administrative charge, which is designed to be minimal compared to your tax savings.



More information is available in the *Tax-Favored Accounts Guide*, which is on EIP's Web site, [www.eip.sc.gov](http://www.eip.sc.gov).

## Pretax Premiums

The Pretax Group Insurance Premium Feature allows you to pay premiums for the State Health Plan or an HMO, the State Dental Plan, Dental Plus, State Vision Plan and Optional Life (for coverage up to \$50,000) before taxes are taken from your paycheck.

## Flexible Spending Accounts

MoneyPlu\$ allows you to pay eligible medical and dependent care expenses with money you set aside before it is taxed. You authorize deposits to your MoneyPlu\$ account every pay period. As you incur eligible expenses, you request tax-free withdrawals from your account to reimburse yourself. There are three kinds of Flexible Spending Accounts: a **Dependent Care Spending Account (DCSA)**, a **Medical Spending Account (MSA)** and a **limited-use Medical Spending Account**, which can accompany a Health Savings Account (HSA). If you incur dependent care and medical expenses, you can establish both a DCSA and an MSA (or a limited-use MSA if you contribute to an HSA).

## Retirees Returning to Work

A retiree who returns to work in an insurance-eligible position under the active group is eligible for the Pretax Group Insurance Premium Feature, a Dependent Care Spending Account and a Medical Spending Account. However, he must have completed one year of continuous state-covered employment by January 1 after October enrollment to qualify for a Medical Spending Account.

## Health Savings Accounts

A MoneyPlu\$ Health Savings Account (HSA) is available to employees enrolled in the State Health Plan Savings Plan and can be used to pay healthcare expenses. Unlike money in a MoneyPlu\$ Medical Spending Account, the funds do not have to be spent in the year they are deposited. Money in the account accumulates tax free, so the funds can be used to pay qualified medical expenses in the future. An important advantage of an HSA is that you own it. If you leave your job, you can take the account with you and continue to use it for qualified medical expenses.



Would you like more information about the Savings Plan? Turn to page 41.

**MoneyPlu\$ Example**

This is how paying eligible expenses with a pretax payroll deduction may increase your spendable income. The figures used are monthly and for a single person with two dependents.

	<u>Without MoneyPlu\$</u>	<u>With MoneyPlu\$</u>
Gross Monthly Pay	\$2,500.00	\$2,500.00
State Retirement	- 150.00	- 150.00
Pretax Payroll Deduction	- 0.00	- 613.00
Administrative Fees	- 0.00	
Pretax Group Insurance Premium Feature		.28
Dependent Care Spending Account		3.50
Medical Spending Account		3.50
Taxable Gross Income	\$2,350.00	\$1,729.72
Payroll Taxes (estimate)	- 696.78	- 513.50
Eligible Expenses <sup>1</sup>	<u>- 613.00</u>	<u>- 0.00</u>
Spendable Income	\$1,040.22	\$1,216.22

Increase in Spendable Income: \$176 per month (\$2,112 per year)

*Note: "Spendable income" is your net pay, plus the reimbursement from your Medical Spending Account or Dependent Care Spending Account.*

<sup>1</sup> In this illustration, these examples of monthly pretax payroll deductions and eligible, after-tax expenses were used:

Health Premium	\$142.46
Dental Premium	\$ 13.72
Dependent Care Expenses	\$400.00
Out-of-pocket Medical Expenses	<u>\$ 56.82</u>
Total	\$613.00

**Administrative Fees**

Pretax Group Insurance Premium Feature	\$0.28 per month <sup>1</sup>
Dependent Care Spending Account	\$3.50 per month <sup>1</sup>
Medical Spending Account or limited-use MSA	\$3.50 per month <sup>1</sup>
MyFBMC Card®	\$10 per year <sup>2</sup>
Health Savings Account	\$1 per month <sup>3</sup> \$10 per year or \$1 per month (your choice) <sup>4</sup> 35 cents to process each check if you are reimbursed by check <sup>5</sup> No charge if you use your Visa® debit card

<sup>1</sup>This fee is deducted from your paycheck before taxes.

<sup>2</sup>The fee for this optional card will be deducted from your Medical Spending Account at the beginning of the year.

<sup>3</sup>This FBMC fee is deducted from your paycheck.

<sup>4</sup>This fee, which is for HSAs established at NBSC through MoneyPlu\$, is deducted from your account. It is waived if the balance in your account is over \$2,500. If you prefer to pay it annually rather than monthly, call 877-367-4472 within 60 days of opening the account.

<sup>5</sup>There may be additional fees for other services. All fees are deducted from your HSA.

## Pretax Group Insurance Premium Feature

With this feature, you can pay only your State Health Plan, HMO, State Dental Plan, Dental Plus, State Vision Plan and Optional Life premiums before taxes are taken out of your paycheck. It is beneficial to all employees who pay these premiums.

Optional Life Insurance premiums for coverage up to \$50,000 are tax exempt.

### Eligibility

You are enrolled in this feature automatically if you pay a health, dental, vision care or Optional Life premium, unless you decline on your Notice of Election form. If you declined the Pretax Group Insurance Premium Feature in the past, you can enroll during annual enrollment or within 31 days of an approved change in status. (See “Special Eligibility Situations,” pages 21-25.)

## Flexible Spending Accounts

### IRS Guidelines for Flexible Spending Accounts

1. The IRS does not allow you to pay any insurance premiums through any type of spending account.
2. You cannot transfer money between MoneyPlu\$ accounts or pay a dependent care expense from your Medical Spending Account or vice versa.
3. The IRS gives you until March 15 to spend any remaining funds deposited in your **Medical Spending Account** or your **limited-use Medical Spending Account** from January through December of the previous year. For example: You have until March 15, 2012, to spend funds deposited in your MSA or limited-use MSA between January 1 and December 31, 2011.
  - However, you must submit all reimbursement requests by March 31, 2012. Any money in your **Medical Spending Account** or your **limited-use Medical Spending Account** after your reimbursable requests have been processed *cannot be returned to you or carried over to the next year.*
4. You have until March 31 after the end of the year to submit for reimbursement eligible **Dependent Care Spending Account** expenses incurred during your period of coverage, January through December. Any money in your **Dependent Care Spending Account** after your reimbursable requests have been processed cannot be returned to you or carried over to the next year.
5. You may not be reimbursed through your MoneyPlu\$ accounts for expenses paid by insurance or by any other source.
6. You cannot deduct reimbursed expenses from your income tax.
7. You may not be reimbursed for a service that you have not received.



If you would like to know if you qualify to enroll in a spending account or if you wish to make a change, call FBMC at 800-342-8017 or EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area).

MoneyPlu\$

### Written Certification

When enrolling in either or both MoneyPlu\$ spending accounts, you must agree to the following in writing on your enrollment form:

- I will only use my MoneyPlu\$ account to pay for IRS-qualified expenses eligible under my employer’s plan and only for me and my IRS-eligible dependents.
- I will exhaust all other sources of reimbursement, including those provided under my employer’s plan(s), before seeking reimbursement from my MoneyPlu\$ spending account.
- I will not seek reimbursement through any additional source.
- I will collect and maintain sufficient documentation to validate the requirements above.

## Deciding How Much to Contribute to Your Flexible Spending Accounts

To estimate how much to deposit in your Dependent Care Spending Account or Medical Spending Account, complete the MoneyPlu\$ Worksheets which are at [www.eip.sc.gov](http://www.eip.sc.gov) under “Forms.” *Be conservative in your estimates.*

- Money remaining in your **Dependent Care Spending Account** after December 31, 2011, cannot be returned to you or carried forward to the next plan year. However, you have until March 31 to submit requests for reimbursement **for expenses incurred before December 31.**
- Money remaining in your **Medical Spending Account** or in your **limited-use Medical Spending Account** after March 15, 2012, cannot be returned to you or carried forward to the next plan year. However, you have until March 31 to submit requests for reimbursement for expenses incurred **before March 15, 2012, for either of the Medical Spending Accounts.**

## Earned Income Tax Credit

Contributions made before taxes to a Dependent Care Spending Account or a Medical Spending Account lower your taxable earned income. The lower the earned income, the higher the Earned Income Tax Credit (EITC). If you qualify for the EITC, contributions to one or both of these accounts will help. Taxpayers may consult IRS Publication 596 for additional information, use the services of a tax professional or get assistance from a Volunteer Income Tax Assistance site. To find the closest site, call the IRS at 800-829-1040.

## Dependent Care Spending Account vs. Child and Dependent Care Credit

If you pay for the care of a child or another dependent so you can work, you may be able to reduce your taxes by claiming those expenses on your federal income tax return through the Child and Dependent Care Credit. Depending on a taxpayer’s circumstances, participating in a Dependent Care Spending Account on a salary-reduction basis will generally produce the greater tax benefit. However, it is important to look at your unique circumstances. Go to [www.myFBMC.com](http://www.myFBMC.com), and select the Tax Calculators link at the top of the home page. Follow the prompts. For more information about the Dependent Care Spending Account, go to the FAQs section on the same Web site.

In addition to the tax benefit of participating in a Dependent Care Spending Account, a partial Child and Dependent Care Credit may be available to you. For example, you may be able to claim an additional tax credit in an amount equal to a percentage of \$1,000 if you have:

- Two or more qualifying individuals
- A maximum Dependent Care Spending Account tax filing status of \$5,000 **and**
- \$6,000 or more in eligible dependent care expenses.

***Note:** You cannot use the Child and Dependent Care Credit if you are married and filing separately. Dependent care expenses reimbursed through a Dependent Care Spending Account cannot be filed for the credit.*

For assistance, call FBMC Customer Care Center at 800-342-8017.

For more information on the Child and Dependent Care Credit, refer to IRS Publication 503.

***Note:** If you participate in the Dependent Care Spending Account or if you file for the Child and Dependent Care Credit, you must attach IRS Form 2441 to your 1040 income tax return. If you do not, the IRS may not allow your pretax exclusion. To claim the income exclusion for dependent care expenses on IRS Form 2441, you must be able to list each dependent care provider’s Taxpayer Identification Number (TIN). The TIN is an individual’s Social Security Number, unless he or she is a resident or non-resident alien who does not have a Social Security Number. If you are unable to obtain a dependent care provider’s TIN, you must send with your IRS Form 2441 a written statement that explains the circumstances and states that you made a serious effort to get the information.*

## MoneyPlu\$ Medical Spending Account vs. Claiming Expenses on IRS Form 1040

Unless your itemized medical and dental expenses exceed 7.5 percent of your adjusted gross income\*, you cannot claim them on your IRS Form 1040. However, you can save taxes by paying for your uninsured, out-of-pocket medical expenses through a tax-free Medical Spending Account.

*\*Note: If filing a joint tax return, your adjusted gross income includes both your income and your spouse's.*

With a Medical Spending Account, the money you set aside for medical expenses is deducted from your salary before it is taxed, so you save on taxes. For example, if your adjusted gross income were \$45,000, the IRS would only allow you to deduct itemized expenses that exceed \$3,375, or 7.5 percent of your adjusted gross income. But if you have \$2,000 in eligible medical expenses, the MoneyPlu\$ account saves you \$656 on your medical expenses in federal income tax (25 percent), South Carolina state tax (7 percent) and Social Security taxes (7.65 percent).

For additional information about the tax credit, consult IRS Publication 502, use the services of a tax professional or get assistance from a Volunteer Income Tax Assistance site. To find the nearest site, call the IRS at 800-829-1040. You may also consult the FAQs on the FBMC Web site for additional information on MSAs.

## Dependent Care Spending Account

### How the Dependent Care Spending Account Works

1. Estimate the amount you will spend during the year on dependent care, up to \$5,000, depending on your tax status. Don't forget to consider vacation and holiday time when you may not have to pay for dependent care. During the year, make sure you are filing all of your claims for reimbursement. Remember, according to IRS guidelines, any money in your account after you have claimed all of your expenses at the end of the year cannot be returned to you or be carried over into the next calendar year. You have until March 31 of the new plan year to file claims for services provided the previous year.
2. The annual amount you contribute to your account will be divided into equal installments and deducted from each paycheck before taxes. It is then credited to your Dependent Care Spending Account.
3. After incurring dependent care expenses, submit a MoneyPlu\$ Claim Form and a copy of your expense documentation from your dependent care provider to FBMC. The MoneyPlu\$ Claim Form may serve as documentation if it includes the provider's signature. The provider's Tax ID Number or Social Security Number is not requested on the claim form. However, you should be prepared to give it to the IRS if asked to do so.
4. Your claim will be processed within five working days of when FBMC receives it, if it is properly completed and signed, and **only if there are enough funds in your account**. Then a direct deposit will be issued to your account, or a check will be mailed, up to your current account balance. You will be reimbursed for any remaining expenses when money is available in your account.

### Eligibility

You must be eligible for state group insurance benefits to participate in MoneyPlu\$. However, you are *not* required to be enrolled in an insurance program to participate in MoneyPlu\$, nor do you have to enroll in the Pretax Group Insurance Premium Feature to participate in the Dependent Care or Medical Spending Accounts.

### Enrollment

You can enroll in the Dependent Care Spending Account within 31 days of your hire date. If you do not enroll then, you can enroll during the next enrollment period, October 1-31. You also can enroll in, or make changes to, this account within 31 days of an approved change in status (see "Special Eligibility Situations," pages 21-25 and "Changing Your Flexible Spending Account Coverage," page 168). You **must** re-enroll each year during the October enrollment period to continue your account the next year.

The Dependent Care Spending Account allows you to pay dependent care expenses with your pretax income. Here are the limits on how much you may set aside:

- If you are married and filing separately, your maximum is \$2,500.
- If you are single and head of household, your maximum is \$5,000.
- If you are married and filing jointly, your maximum is \$5,000.
- If either you or your spouse earns less than \$5,000 a year, your maximum is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

You may use your Dependent Care Spending Account to receive reimbursement for eligible dependent care expenses for qualified individuals. A qualified individual includes a qualified child if he or she:

- Is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada
- Has a specified family-type relationship to you
- Lives in your household for more than half of the tax year
- Is 12 years old or younger
- Has not provided more than one-half of his own support during the tax year.

For more information, talk with your benefits administrator or a tax professional, or contact the Internal Revenue Service at 800-829-1040 or [www.irs.gov](http://www.irs.gov).

### Eligible Expenses

Generally, child, adult and elder care costs that allow you and your spouse to work or actively look for work are eligible for reimbursement. If you are married, your spouse must work, be a full-time student or be mentally or physically incapable of self-care. Examples:

- Daycare facility fees
- Local day camp fees
- Baby-sitting fees for at-home care while you and your spouse are working (you, your spouse or another tax dependent cannot provide the care).

### Ineligible Expenses

- Child support payments or child care if you are a non-custodial parent
- Payments for dependent care services provided by your dependent, your spouse's dependent or your child who is under age 19
- Healthcare costs or educational tuition
- Overnight care for your dependents (unless it allows you and your spouse to work during that time)
- Nursing home fees
- Diaper services
- Books and supplies
- Activity fees
- Kindergarten tuition.

### Reimbursement of Eligible Expenses

To request reimbursement, you must complete and submit a MoneyPlu\$ Claim Form, along with expense documentation showing the following:

- The dates your dependent received the care (for example, October 1-October 31), **not** the date you paid for the service

- The name and address of the facility
- The name, address **and signature** of the individual who provided the dependent care.

This information is required with each request for reimbursement. The MoneyPlu\$ Claim Form may serve as documentation if it includes the provider's signature. The provider's Tax ID Number or Social Security Number is not requested on the claim form. However, you should be prepared to give it to the IRS if asked to do so.

**An approved expense will not be reimbursed until after the last date of service for which you are requesting reimbursement.** For example, if you pay your dependent care provider on October 1 for the month of October, you can submit your reimbursement request for the entire month. However, payment will not be made until you receive the last day of care for that month.

**An approved expense will not be reimbursed until enough funds are in your Dependent Care Spending Account to cover the expense.** On your claim form, you may divide the dates of service into periods that correspond with your payroll cycle. This will allow FBMC to reimburse you for part of the amount on the documentation when there are enough funds in your account.

**Please Remember —**  
Although claims are processed in five working days, it may take as long as two weeks to get your check because of time in the mail and weekends. To receive your reimbursement faster, sign up for Direct Deposit.

You may also file your claims online. For more information, go to [www.myFBMC.com](http://www.myFBMC.com). Select "Claims" and then "Online FSA Claim Submission."

## Medical Spending Account

### How the Medical Spending Account Works

1. Estimate the amount you and your family want to set aside in your Medical Spending Account, up to \$5,000 per calendar year. If you are married and your spouse is eligible for coverage, you may each set aside up to \$5,000. Consider only those expenses you and your family can expect to incur between January 1 and December 31.
  - According to IRS regulations, if you have money left in your MSA on December 31, you have until March 15 of the new year (a grace period) to spend funds deposited in the account during the previous year.
  - **You have until March 31 to ask for reimbursement and submit documentation for eligible expenses incurred during the calendar year and the grace period. This includes documentation for myFBMC Card® transactions.** Check the FBMC Web site at [www.myFBMC.com](http://www.myFBMC.com) for any outstanding transactions that may need documentation.
  - Between January 1 and March 15, any myFBMC Card® swipes or paper claims filed will be paid from funds remaining in your MSA from the previous year. For example, if you have 2010 MSA funds you would like to use, submit all of your 2010 claims before you begin turning in claims for 2011 expenses. Once your 2010 funds are exhausted, FBMC will begin to reimburse you from your 2011 account.
  - Remember, any money in your account after you have claimed all of your expenses cannot be returned to you or carried over beyond March 15 of the new year.

If you had a myFBMC Card® during the old plan year and signed up for it for the new plan year, you can continue to use it to pay eligible expenses from your previous year's MSA until March 15. If you have *not* signed up for the card or an MSA again, you cannot use your myFBMC Card® after December 31. However, you may submit paper claims until March 31 for expenses incurred until March 15 of the new plan year.

2. The yearly amount you elect to contribute to your account will be divided into equal installments and deducted from each paycheck before taxes. It is then credited to your Medical Spending Account.

3. After incurring medical or dental expenses, submit a MoneyPlu\$ Claim Form and a copy of the expense documentation or the Explanation of Benefits for these expenses to FBMC. File the claim only for your **unreimbursed** expenses. Approved claims will be paid until you have reached the annual amount you chose to have deducted. Your claim will be processed within five working days of its receipt by FBMC. **Then a direct deposit will be issued to your account within 48 hours of your claim approval, or a check will be mailed.** Because of weekends and time in the mail, it may take up to two weeks for you to receive your check.
4. If you have a myFBMC Card<sup>®</sup>, present it when you incur eligible medical expenses, including prescriptions or dental expenses. If the provider accepts the card, the funds will be automatically withdrawn from your account, and you will not have to wait for reimbursement. Instructions on when to submit expense documentation will be provided on your monthly statement, or you may check the FBMC Web site.

## Eligibility

You must be eligible for active group insurance to participate in MoneyPlu\$. However, you are *not* required to be enrolled in an insurance program to participate in MoneyPlu\$, nor do you have to enroll in the Pretax Group Insurance Premium Feature to participate in a Dependent Care or Medical Spending Account.

## Enrollment

To continue your Medical Spending Account each year, you **must** re-enroll during the yearly enrollment period, October 1-31. If you have a myFBMC Card<sup>®</sup>, you must also re-enroll for it each year. You can enroll in, or make changes to, your MSA within 31 days of an approved change in status (see “Special Eligibility Situations,” pages 21-25 and “Changing Your Flexible Spending Account Coverage,” page 168). Complete a MoneyPlu\$ Enrollment Form, available from your benefits administrator or on EIP’s Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Submit the completed form to your benefits administrator.

You may set aside up to \$5,000 annually to pay your medical, vision and dental expenses that are not reimbursed by insurance. Your MoneyPlu\$ Medical Spending Account may be used to reimburse eligible expenses incurred by:

- Yourself
- Your spouse (even if he has a Medical Spending Account)
- Your qualifying child or
- Your qualifying relative.

**To have an MSA, you must have completed one year of continuous state-covered service by January 1 after annual enrollment.**

An individual is a *qualifying child* if he is not someone else’s qualifying child, and:

- Does not reach age 27 during the taxable year
- Has a specified family-type relationship to you: son/daughter, stepson/stepdaughter, eligible foster child, legally adopted child, or child placed for legal adoption
- Is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada.

An individual is a *qualifying relative* if he is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada and:

- Has a specified family-type relationship to you, is not someone else’s qualifying child and receives more than one-half of his support from you during the tax year or
- If no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire tax year and receives more than one-half of his support from you during the tax year.

*Note: There is no age requirement for a qualifying child if he is physically and/or mentally incapable of self care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a MoneyPlu\$ Medical Spending Account.*

For more information, contact your benefits administrator or tax advisor or the Internal Revenue Service at 800-829-1040 or at [www.irs.gov](http://www.irs.gov).

### **Eligible Expenses — Medical Spending Accounts**

Expenses eligible for reimbursement include your deductibles, coinsurance and copayments. In addition to these expenses, your Medical Spending Account is an excellent way to help pay for:

- Annual physical exams
- Vision care
- Out-of-pocket dental fees (including orthodontia, if medically necessary, but not if cosmetic)
- Over-the-counter drugs, but only if prescribed by a physician
- Non-medicinal over-the-counter items, including diabetic supplies, are still reimbursable without a prescription
- Any other out-of-pocket medical expenses deductible under current tax laws, including travel to and from medical facilities.

*Note: Orthodontia treatment designed to treat a specific medical condition can be reimbursed. However, you will have to submit additional documentation each year. For more information, call the FBMC Customer Care Center at 800-342-8017.*

### **Eligible Expenses — Limited-use Medical Spending Accounts**

If you have a Health Savings Account (HSA), you are eligible for a limited-use Medical Spending Account. This account may be used to pay expenses not covered by the Savings Plan, such as dental and vision care. You may use your HSA, but not your limited-use MSA, for deductibles and coinsurance.

### **Over-the-Counter Medicines**

Under the Patient Protection and Affordable Care Act, an MSA can only be used to pay for over-the-counter drugs if those drugs are prescribed by a physician. A list of categories of over-the-counter items that the IRS has approved for reimbursement is on the FBMC Web site.

### **Ineligible Expenses**

- Insurance premiums
- Vision warranties and service contracts
- Health or fitness club membership fees
- Cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition.

### **Availability**

Once you sign up for a Medical Spending Account and decide how much to contribute, the entire amount will be available on January 1. You do not have to wait for the funds to accumulate in your account before getting reimbursed for eligible medical expenses.

### **Medical Spending Account Reimbursements**

If you use a myFBMC Card®, funds will be transferred automatically from your Medical Spending Account. You will not need to wait for reimbursement. Please note that the myFBMC Card® is not available to limited-use MSA participants. The myFBMC Card® is discussed in detail on the next page.

If you file by mail, your reimbursement will be issued within five business days from the time FBMC receives your properly completed and signed claim form. However, weekends and time in the mail may mean it will take longer than that to receive your check. The minimum reimbursement is \$5, except for the last reimbursement, which brings your account balance to zero.

## Direct Deposit

You can have your MoneyPlu\$ reimbursement checks deposited automatically into your checking or savings account. There is no extra fee for this service, and you will still receive notification that your claim has been processed. To apply, complete a MoneyPlu\$ Direct Deposit Authorization Form available from your benefits office or on EIP's Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Please note that processing your direct deposit application may take four to six weeks.

MoneyPlu\$ Spending Accounts are tax-favored accounts and must follow the guidelines under Section 125 of the Internal Revenue Code. Your signature on the form submitted for reimbursement serves as a required certification that you are abiding by the plan rules. FBMC cannot process your request without it.

## Requesting Manual Reimbursement

Claims must first be filed for any health plan benefits, provided by your employer, for which you are eligible. Any remaining out-of-pocket expenses may then be submitted for reimbursement from your Medical Spending Account.

To request reimbursement from your Medical Spending Account, fax or mail a completed MoneyPlu\$ Claim Form (the fax number and address are on the form), along with one of these:

- An invoice or bill from your healthcare provider listing the date you received the service, the cost of the service, the type of service and the person for whom the service was provided
- An Explanation of Benefits (EOB) from your health insurance provider that shows the type of service you received, the date and cost of the service and any uninsured portion of the cost. In certain circumstances, a written statement from your healthcare provider that the service was medically necessary may be required. This Letter of Medical Need is available from FBMC by calling 800-342-8017.

**Do not use a highlighter on any forms or other documents you send to FBMC. It will make them impossible to read when they are photocopied or faxed.**

MoneyPlu\$

## MyFBMC Card® Visa® Card

You may use the myFBMC Card® to draw funds from your MoneyPlu\$ Medical Spending Account (MSA) to pay eligible, uninsured medical expenses for yourself and for your covered family members.

There is no risk of overspending. If you try to spend more than you will deposit into the account during the year, the transaction will be denied.

**The myFBMC Card® is not available if you have a limited-use Medical Spending Account, which is associated with the State Health Plan Savings Plan and the Health Savings Account.**

**Like any MSA expense, myFBMC Card® transactions must be documented for the IRS. See page 166 for more information.**

## Enrollment

When you sign up for an MSA, you may request a myFBMC Card® on your enrollment form. If you wish to continue your myFBMC Card® from year to year, you must re-enroll in it each year. There is a \$10 annual fee for the card. The fee will be deducted from your MSA at the beginning of the year. You will receive two cards; you can give one to your spouse or child.

## Activating the Card

You must activate your myFBMC Card® before you use it for the first time. To do so, log on to [www.myFBMC.com](http://www.myFBMC.com). Be sure to sign the back of the card. If you continue to sign up for the card and MoneyPlu\$ Medical Spending Account from year to year, you will continue to use the same plastic card until its expiration date.

## Using the Card

You may use the card for:

- Copayments and deductibles at physician, dentist and optometrist offices
- Vision and dental expenses
- Prescription copayments and uncovered prescriptions at participating pharmacies
- IRS-approved over-the-counter items
- Mail-order prescriptions.

**Please note:** Effective January 1, 2011, the card may not be used for over-the-counter medicine, with or without a prescription.

Your myFBMC Card® may only be used for eligible medical expenses not covered by your insurance. You may not use it for cosmetic dental costs and eyeglass warranties.

When you use the card to pay a healthcare provider, such as a physician or a stand-alone drug store, swipe it as you would a credit card. No PIN is needed. Please remember to keep documentation of your expenses, as stated in the IRS regulations.

**The card will only be accepted at IIAS merchants.** The latest list of stores meeting the federal electronic coding requirements is at [www.myFBMC.com](http://www.myFBMC.com). After you log on, click on “Inventory Information Approval Systems (IIAS)” in the box on the left under “FAQs.” On the Web site, you will also find a list of categories of over-the-counter items that the IRS has approved for reimbursement.

The pharmacy must also participate in your health plan’s network. A list of pharmacies that are part of your network is on the EIP Web site under “Online Directories.” If you use a pharmacy that is not part of your plan’s network, you will pay the full cost for the drug. The cost will not apply to your deductible.

When using your myFBMC Card® at a pharmacy, just swipe the card as you would any credit or debit card. A PIN is not needed. Your receipt will show the name of the drug and the amount of the copayment that was taken from your MSA.

If a provider does not accept the card, you must use a MoneyPlu\$ Claim Form to file for reimbursement. The form is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov).

Up to five transactions for prescriptions with fixed copayments (such as \$9, \$30 and \$50 under the Standard Plan) will be “auto-adjudicated,” verified and approved when you make the purchase without requiring documentation later.

Documentation **will be** required when you use the card for any transaction that does not have a fixed copayment.

Documentation **will not be** required for prescription drugs purchased through your health plan’s mail-order pharmacy, prescriptions with fixed copayments and IRS-approved over-the-counter items.

**If you are enrolled in the State Health Plan, BlueChoice HealthPlan HMO or CIGNA HMO, you may use your myFBMC Card® for mail-order prescriptions. No documentation is required.**

## Documenting MyFBMC Card® Transactions

According to the IRS, it is not necessary to submit documentation to FBMC for:

- Up to five transactions for prescriptions with fixed copayments. (These prescriptions will be “auto-adjudicated,” verified and approved when you make the purchase without requiring documentation later.)
- Known copayments for services provided through health plans offered by EIP (the State Health Plan, BlueChoice HealthPlan HMO and CIGNA HMO)
- Eligible prescriptions purchased through your health plan’s mail-order pharmacy
- IRS-approved over-the-counter items.

**However, documentation is needed for other healthcare expenses.** When you receive your monthly statement from FBMC, transactions requiring documentation will be highlighted in blue. If an expense appears in this section you must **fax a copy** of your documentation and a MoneyPlu\$ Claim Form to FBMC. No cover sheet is needed.

Documentation can be an Explanation of Benefits from your health plan or a statement or bill showing the name of the patient, the date of service, the type of service, the service provider and the cost of service. **If the documentation is for a drug, be sure it includes the prescription number and the name of the drug.** Most drug store receipts do not show the name of the drug. You may need to submit a print-out that includes the name of the drug. It may be from the pharmacy, from your prescription drug program’s Web site or from the pharmacy’s Web site. The name also may be on a note stapled to the bag from the pharmacy.



On page 161 you will find information about how the run-out period and grace period apply to the myFBMC Card®.

The claim form is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov) under “Forms.” You may also get a copy from the FBMC Web site, [www.myFBMC.com](http://www.myFBMC.com), or from your benefits administrator. **FBMC must have this claim form to process the documentation.**

When an outstanding myFBMC Card® transaction has appeared in blue on two monthly statements, the next time you submit an approved paper claim, FBMC will keep enough money in your account to make up for the card transaction that you have not documented. You will be reimbursed for the difference between the new claim and the undocumented claim. This is called “automatic substitution.” You may also satisfy any outstanding myFBMC Card® transactions by submitting a check to FBMC made out to your employer in the amount of the outstanding transaction.

If an undocumented transaction appears in blue on more than two consecutive monthly statements and no automatic substitution has occurred, your myFBMC Card® will be suspended until:

- FBMC receives your documentation and/or
- Automatic substitution occurs and/or
- You repay your account by check.

When the transaction in question is cleared by one of these methods, your card will be automatically reinstated. Any amounts from January 1, 2010, to March 15, 2011, that are not cleared by March 31, 2011, violate IRS guidelines and will be taxed as income. Also, your myFBMC Card® will be canceled permanently.

Please submit documentation for items listed in blue on your monthly statement. If you do not send in documentation after a transaction has appeared in blue on two monthly statements, your card will be suspended on the last working day of the month.

You must keep all documents substantiating your claims for at least one year and submit them immediately to FBMC or the IRS upon request.

## Lost Cards

If your myFBMC Card® is lost or stolen, call 888-462-1909 immediately.

## Limited-use Medical Spending Accounts

Savings Plan subscribers who contribute to an HSA may enroll in a limited-use Medical Spending Account to pay dental and vision care expenses, as these are not covered by the Savings Plan. Except for the restrictions regarding which expenses are reimbursable, a MoneyPlu\$ limited-use Medical Spending Account works the same as a MoneyPlu\$ Medical Spending Account.

### Using your limited-use MSA

Since you can pay your out-of-pocket medical expenses with your MoneyPlu\$ HSA, some MoneyPlu\$ Medical Spending Account features are not available with a MoneyPlu\$ limited-use Medical Spending Account, including:

- No reimbursement of out-of-pocket medical expenses, such as deductibles, coinsurance and copayments
- No reimbursement for over-the-counter items and
- No myFBMC Card® option.

Remember, MoneyPlu\$ limited-use Medical Spending Accounts are available only to HSA participants. Dependent Care Spending Account eligibility is not affected by your HSA participation.

## Access to Information About Your Flexible Spending Account

### A Word About Your Interactive Voice Response PIN

To use the Interactive Voice Response (IVR) system, all you need is your Social Security Number (SSN). When you call the IVR for the first time, you will be asked to use the telephone pad to key in your SSN. The last four digits of your SSN will be your first Personal Identification Number (PIN). Then you will be asked to select your own confidential PIN, which should be between four and eight digits. Please use numbers only. Once you have selected your new PIN, you have access to information about your benefits. **Please keep your PIN in a safe place.** This PIN has no connection with the myFBMC Card®.

If you have trouble registering, it may be because the information you entered does not match what FBMC has on file for you. During business hours, a customer service representative can help you register.

### FBMC Web Site

FBMC's Web site, [www.myFBMC.com](http://www.myFBMC.com), provides information about your tax-favored accounts. To register, enter your name, ZIP code, e-mail address and Social Security Number and then select a password. To log in to the site, enter your e-mail address and password. After you log in, you have access to this benefit information 24 hours a day:

- **Benefits.** You may check your benefit status, read benefit descriptions, use the tax calculator and much more.
- **Claims.** You may now file your DCSA and MSA claims online. Click on "Claims" and then "Online Claims Submission." You may also check the status of your claim, download forms, get more information about mailing and faxing your claim to FBMC or see transactions that need documentation.
- **Accounts.** View your account balance and contributions. You may also view monthly statements and review your transaction history.
- **Payment Card (myFBMC Card®).** Check your account regularly to review your account balance and any outstanding myFBMC Card® transactions that require documentation. You may download a card

**If you are enrolled in an MSA or a DCSA, you can re-enroll online during open or annual enrollment in October. If you have an MSA, you can also add a DCSA.**

**If you are covered by the Savings Plan, you can open an HSA online.**

fact sheet or transmittal form and read detailed instructions about using the card. You can also view outstanding transactions.

- **Profile.** Change your e-mail address in FBMC’s files, complete your online registration or select a new PIN.
- **Resources.** Look through an extensive resource library, including benefit materials, surveys, over-the-counter item lists and benefit tips.
- **Forms.** Download a variety of forms you may need as you use your account.
- **Contact.** Send a question to the FBMC Customer Care Center.

## E-mail Notification

FBMC will notify you by e-mail of a variety of events related to your Flexible Spending Accounts. They include receipt of claims, payment or rejection of claims, a need for myFBMC Card® documentation, suspension or reinstatement of your myFBMC Card® and more. To sign up, go to the FBMC Web site, log in and click on “Go Green” under “Account Access.”

## Telephone

FBMC’s 24-hour automated phone system enables you to check a MoneyPlu\$ claim, request forms and more. Getting connected to your benefits is easy. Call the Interactive Voice Response Line at 800-865-FBMC (3262).

## FBMC Contact Information

<u>Department</u>	<u>Hours</u>	<u>Phone</u>
FBMC Customer Care Center	M – F, 7 a.m. – 10 p.m., ET	800-342-8017 800-955-8771 (TDD)
Interactive Voice Response	10 p.m. - 7 a.m., 24 hours a day weekends and holidays	800-865-3262
Dispute Line	M – F, 7 a.m. – 10 p.m., ET	800-342-8017
Toll-free Claims Fax		888-800-5217

## Changing Your Flexible Spending Account Coverage

You can start or stop your MoneyPlu\$ Flexible Spending Accounts or vary the amounts you contribute to the account only under limited circumstances. MoneyPlu\$ program and IRS regulations establish which “changes in status” allow you to change contributions to your account. The change you wish to make to your Dependent Care Spending Account (DCSA) or Medical Spending Account (MSA) must be consistent with the event that triggers the change. For example, you may wish to start a DCSA if you have a baby or adopt a child. You may want to decrease your MSA contribution if you get a divorce and will no longer be paying for your ex-spouse’s out-of-pocket medical expenses.

**Within 31 days of one of the events listed below, you must complete and submit a Change in Status Form to your benefits administrator if you wish to make changes in your account.** The form is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov) and from your benefits administrator. If you wish to continue to have a myFBMC Card®, you must re-elect it on the form. **Your benefits administrator must complete and review the form, along with any necessary documentation, authorize it and forward the form to FBMC in a timely manner.** Any related claims you submit in the interim will be held until FBMC receives and processes the Change in Status Form. Some changes in status that permit changes to your account are:

- Marriage, legal separation, divorce
- Birth, placement for adoption, adoption
- Death of spouse or child

- Gain or loss of employment
- Begin or end unpaid leave of absence
- Change from full-time to part-time employment or vice versa
- Change in day-care provider.

This is a partial list. For more information, contact your benefits administrator or call the FBMC Customer Care Center at 800-342-8017.

## How Changes Affect Your Period of Coverage

Your MoneyPlu\$ Spending Account is set up for the entire calendar year (your period of coverage). However, if you are permitted to change it during the year (an approved, mid-plan-year election change), you have more than one period of coverage. Money you deposit during the original period of coverage may be combined with money you deposit after the mid-year change. However, expenses you incurred before the mid-year change cannot be reimbursed for more money than was in the MoneyPlu\$ account before the change.

## How Leaving Your Job Affects Your Flexible Spending Account

### Medical Spending Accounts

If you leave your job **permanently** or take an **unpaid leave of absence**, you may continue your Medical Spending Account (MSA), through COBRA, until the end of the plan year, including the grace period, which is discussed on page 161. If, during the October enrollment period, you know the date you will be leaving your job, you can divide your MSA contribution by the number of paychecks you will receive. For example, if you are leaving your job at the end of June, you could have your contribution divided among half the number of your annual paychecks. You can also prepay your contribution on a pretax basis by having the remaining amount of your annual contribution withheld from your final paychecks. If you wish to continue your account, contact your benefits administrator within 31 days of your last day at work and complete the appropriate forms.

If you choose not to continue your MSA, you have 90 days, from your last day at work, to submit eligible MSA expenses incurred before you left employment.

If you leave your job, your myFBMC Card® will be canceled.

The Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave. Please contact your employer for further information.

### Dependent Care Spending Accounts

If you leave your job **permanently** or take an **unpaid leave of absence**, you cannot continue contributing to your Dependent Care Spending Account. You can, however, request reimbursement for eligible expenses incurred while you were employed, until you exhaust your account or the plan year ends.

## Health Savings Account

The State Health Plan Savings Plan enables subscribers who are willing to take greater responsibility for their healthcare costs to reduce their insurance premiums and, coupled with a Health Savings Account (HSA), to save money for qualified medical expenses.

### Eligibility

To be eligible for the state's Health Savings Account, a subscriber must be covered by the Savings Plan, which is a high deductible health Plan (HDHP). He cannot be covered by any other health plan that is not a HDHP, including Medicare. However, he can be covered for specific injuries, accidents, disability,

dental care, vision care and long-term care. He cannot be claimed as a dependent on another person's income tax return.

**An eligible subscriber may establish an HSA offered through any qualified financial institution.** However, to contribute to an HSA on a pretax basis through payroll deduction, he must enroll in the MoneyPlu\$ HSA. NBSC, an affiliate of Synovus Financial Corp., is the trustee for these accounts. The accounts are administered by Fringe Benefits Management Company (FBMC).

**Retirees please note:**

A retiree who is **not enrolled in Medicare** may be covered the Savings Plan and contribute to an HSA.

If you are **retired and eligible for Medicare**, you may not enroll in the Savings Plan or contribute to an HSA.

### Enrolling in an HSA

When you have met the eligibility requirements for an HSA, complete a MoneyPlu\$ enrollment form choosing the HSA option. Give the form to your benefits administrator. If you would like to open an HSA at NBSC, go to EIP's Web site, [www.eip.sc.gov](http://www.eip.sc.gov) and click on "Links." Under "MoneyPlu\$," select "Open HSA Bank Account." You will see links to enrollment forms for **eligible active employees** and **eligible retirees**.

Complete the application. When you are finished, print and sign the application. Mail it to HSA Operations: PO Box 1828, Columbus, GA 31902, as stated on the application. Be sure to include: 1) one photo ID (a copy of your driver's license, passport or alien registration card); **and** 2) a copy of one of the following: a statement from a major credit card, a utility bill or an insurance voucher. The address on both forms of identification must match the home street address you listed on your HSA application. You have 30 days from the date you completed your online application to send in this material. (Federal law requires that all financial institutions obtain, verify and record information that identifies each person who opens an account.) Accounts are usually opened within two days of receipt of the completed application and identification.

If you don't have access to the Internet and would like to open a MoneyPlu\$ HSA, check with your benefits administrator.

Once you enroll in an HSA, you do not have to re-enroll in it as long as you remain eligible for it.

Active subscribers enrolled in the Savings Plan, upon turning 65, remain eligible to contribute to an HSA, if they delay enrollment in Medicare Part A by delaying taking Social Security. (A person can delay enrolling in Social Security until age 70½.) Once this subscriber enrolls in Social Security (Part A of Medicare), usually at retirement, he can no longer make contributions to an HSA, including catch-up contributions. However, the funds already in the HSA can be withdrawn to pay Medicare premiums (not Medigap), deductibles and coinsurance, which are qualified expenses.

Retirees enrolled in the Savings Plan are eligible to contribute to an HSA (although not through MoneyPlu\$). They may enroll in the HSA at NBSC, or any other institution that offers an HSA, and make catch-up contributions. S.C. Retirement Systems (SCRS) has arranged with NBSC to allow HSA contributions to be deducted from monthly retirement checks and sent to NBSC. Contact the Benefit Payments Department at SCRS to learn how to do this. The retiree may claim his HSA contribution on his income tax return.

**A MoneyPlu\$ Medical Spending Account (MSA), even a spouse's MSA, is considered *other health insurance* under HSA regulations. However, if you have no funds in your MSA on December 31, you may begin contributing to an HSA on January 1.**

**If you have a *limited-use* MSA, you may begin making HSA contributions on January 1. A limited-use MSA may only be used for dental and vision expenses, so it does not meet the definition of *other health insurance*.**

## Limited-use Medical Spending Account

If you have an HSA, you can also have a limited-use Medical Spending Account (MSA). That account may be used for expenses not covered by your health insurance, the Savings Plan. Eligible expenses include dental and vision care. See page 163 for more information.

If you enrolled in a full MSA instead of an HSA, you cannot sign up for an HSA until the next enrollment period or until a special eligibility situation occurs that allows you to end your MSA within 31 days of the event.

## Contributions

The maximum contribution to an HSA is indexed for inflation. In 2011, a subscriber with single coverage can contribute \$3,050, and a subscriber who covers himself and any other family member can contribute \$6,150. Total contributions for the entire year may not exceed these limits.

- For example, a subscriber with single coverage under the Savings Plan can contribute \$3,050 to his HSA for the 12 months beginning January 1, 2011. Contributions may be paid in a lump sum, in equal amounts for 12 months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$3,050.
- A subscriber with the same coverage who enrolls by December 1, 2011, may also contribute \$3,050. However, he must remain eligible for a full 12 months after the end of the plan year. Contributions may be paid in a lump sum, in equal amounts during the months he is eligible (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$3,050.
- **A subscriber who had funds in an MSA on December 31, 2010**, may not begin contributing to an HSA until the day after the end of the MSA run-out period, April 1, 2011. However, his maximum contribution would still be \$3,050. Contributions may be paid in a lump sum, in equal amounts for nine months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$3,050. He must remain eligible for 12 months after the end of the plan year.
- **A subscriber who had no funds in his MSA on December 31, 2010**, may make the maximum contribution to his HSA in 2011 and may begin contributing on January 1, 2011. Contributions may be paid in a lump sum, in equal amounts for 12 months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$3,050.

Subscribers age 55 and older may make additional “catch-up” contributions to an HSA. The amount for 2011 is \$1,000.

There is no minimum contribution, but remember that certain administrative fees will be deducted from your account. HSAs established at NBSC through MoneyPlu\$ include an FBMC fee of \$1 per month and a bank fee of \$10 per year, or \$1 per month, until your account exceeds \$2,500.

## Transfers from Individual Retirement Accounts (IRAs)

You may make a one-time, irrevocable transfer from an IRA to your HSA as long as the amount transferred does not exceed the annual HSA contribution limit. There will be no tax penalty. However, any transfer from an IRA to an HSA will reduce the maximum amount you may contribute to your HSA during the tax year.

## Changing Contributions

**Unlike a Medical Spending Account, you may enroll, change or stop your contributions to your MoneyPlu\$ HSA through payroll deduction once a month.** To make the change, fill out a new MoneyPlu\$ Enrollment Form and complete Box A.

You may make regular and catch-up contributions to your HSA up to the time your federal income tax return is due, usually April 15.

## Contributions Over Federal Limits

FBMC will monitor your HSA contributions and send an alert to your benefits administrator if you are exceeding your contribution limit.

However, the best way to avoid problems is to divide your annual contribution among the number of paychecks you receive. For example, if you have single coverage, you can deduct a maximum of \$3,050 for 2011. If you receive 24 paychecks each year, you could deduct \$127.08 (rounded) each pay period. If you have family coverage, you can deduct a maximum of \$6,150 for 2011. If you receive 24 paychecks a year, you could deduct \$256.25 each pay period.



The HSA Custodial Account disclosure statement and funds availability disclosure agreement is on the EIP Web site. Information is also available by contacting FBMC at 800-342-8017 or at [www.myFBMC.com](http://www.myFBMC.com). Information about the Savings Plan begins on page 41 of this guide.

General HSA information is available from the U.S. Dept. of the Treasury at [www.treas.gov/offices/public-affairs/hsa/](http://www.treas.gov/offices/public-affairs/hsa/).

More information about the Savings Plan and HSA offered through payroll deduction is available from your BA or from EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area) or at [www.eip.sc.gov](http://www.eip.sc.gov).

For more information about an NBSC HSA go to [www.bankNBSC.com](http://www.bankNBSC.com) or call 877-367-4472.

## Using HSA Funds

After you enroll in an HSA, you will receive up to two Visa® debit cards from NBSC. You may order additional cards by calling NBSC at 877-367-4HSA (4472). You should receive the card within 10 business days. You can also order your free starter supply of checks by calling this number. You may use the card or the checks to reimburse yourself from your HSA. Using a check may result in additional fees.

One important difference between an HSA and an MSA is that on January 1, after October enrollment, you have immediate access to your full yearly contribution to an MSA. This is not true of an HSA. **You can only withdraw HSA funds that are actually in your account.** If you use your debit card for a transaction and you do not have enough money in your account, the transaction will not go through or you will be charged an overdraft fee. If you write a check and you do not have enough money in your account, you will be charged for writing a check with insufficient funds.

## Availability of Funds

Each contribution to your MoneyPlu\$ HSA will be available after your employer's payroll is received and processed by FBMC, transferred to NBSC and deposited in your account. Deposits are sent from FBMC to NBSC twice a week. Funds should **generally** be available in your HSA no later than a week after your pay date. Remember, this depends on when your employer submits the deductions and payroll reports to FBMC.

You will receive monthly statements from NBSC. You may also check your balance by visiting any NBSC branch or by signing up for online access. There is no charge for access-only services. Once you register, it takes 5-7 business days before you will have online access to your account.

You can make deposits to, or withdrawals from, your account at any NBSC branch. Any withdrawals must be for medical expenses that qualify under IRS guidelines. If they do not qualify, they may be subject to taxes and penalties.

**You cannot use your HSA debit card to get cash at an automatic teller machine.**

## Eligible Expenses

You may use the funds in your HSA, tax free, to pay for **unreimbursed** eligible medical expenses for yourself, your spouse and your children. Medical expenses include the costs of diagnosis, cure, treatment or prevention of physical or mental defects or illnesses. Under the 2010 Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, HSA funds can only be used tax-free to pay for over-the-counter drugs if the drugs were prescribed by a physician. For more information, contact the IRS.

## Documentation of Eligible Expenses

**You should keep receipts for expenses paid from your HSA with your tax returns in case the IRS audits your tax return and requests copies.**

If you use HSA funds for ineligible expenses, you will be subject to taxes on the amount you took from your HSA, as well as a 20 percent penalty if you are younger than age 65.



For more information about your HSA, see the HSA Custodial Agreement on the EIP Web site, [www.eip.sc.gov](http://www.eip.sc.gov). Select “Publications” and then “Money-Plu\$.”

## HSA Fees

If you deposit funds to your HSA through payroll deduction, administrative fees will be deducted. They include:

- \$1 per month (an FBMC fee that is deducted from your paycheck)

and these NBSC fees:

- \$10 per year or \$1 per month (your choice)\* (This fee is deducted from your account.)
- 35 cents to process each check (If you use your debit card, there will be no transaction fees.)
- \$4 for each additional Visa® debit card.
- \$4 to replace a lost or stolen Visa® debit card.

Other fees may apply, such as those for insufficient funds.

\*Call 877-367-4472 within 60 days of opening the account if you would prefer to pay the \$10 annual fee. Otherwise, the \$1 monthly fee will apply. You will pay this fee until the balance in your account reaches \$2,500.

If you will not contribute to your MoneyPlu\$ HSA in 2011 but want to keep your account with NBSC open, you must continue to pay the \$10 annual fee, until you have a minimum balance of \$2,500.

If you do not make any deposits or withdrawals for 12 months you will be charged a monthly fee of \$5, in addition to the \$10 annual fee (if the fee applies). If your balance drops below \$25, you must use the funds and close the account until you are again eligible to contribute.

**The \$1 monthly service charge continues, even when the balance in your HSA reaches \$0. As a result, your account will be overdrawn, and you will be subject to additional charges.**

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## Investment of HSA Funds

One of the advantages of an HSA is that you do not have to spend all the funds during the year in which they are deposited, as you do with a Medical Spending Account. The funds can accumulate and can be used for eligible medical expenses in the future.

If you establish an HSA through NBSC, an affiliate of Synovus Financial Corp., the money will first be invested in an interest-bearing checking account. When the balance in your account reaches \$3,500, NBSC/Synovus will send you a letter offering you the opportunity to choose from among several Fidelity Invest-

ment® mutual funds. The letter will explain any fees and give you a toll-free number to call to request an enrollment package. If you decide to invest in a mutual fund, you must keep \$1,000 in your HSA checking account.

Unlike funds in an interest-bearing checking account, money invested in a mutual fund is not FDIC-insured. You have the opportunity to earn a higher rate of return on your investment, but that is not guaranteed. There is a possibility you will lose money, including the original amount invested.

### **Portability (Continuing Your Coverage)**

If you leave your job, you can take your HSA with you and continue to use it for qualified medical expenses.

### **Tax Reporting**

After the year ends, NBSC will send you forms to use in reporting your HSA contributions and withdrawals when you file your taxes. It is important to save documentation, including receipts, invoices and explanations of benefits from your health insurance carrier, because you may be asked to show the IRS proof that your HSA funds were used for qualified expenses.

If you participate in MoneyPlu\$, pretax HSA contributions will appear on your W-2 Form as employer-paid contributions. This is because this money was deducted from your salary before it was taxed. Do not deduct this money on your return. Only after-tax contributions may be deducted. Consult your tax advisor for more information.

If you have questions about how your HSA contributions were reported on your W-2 Form, contact your benefits office.

### **Closing Your HSA**

If you are no longer eligible to contribute to an HSA, or no longer wish to do so, you must go to your BA and complete a MoneyPlu\$ Enrollment Form. Enter "\$0" in Section A to stop contributions to the account. You and your BA must sign the form before your BA sends it to FBMC.

If money remains in the account, you may continue to use it for qualified, unreimbursed medical expenses. When the balance drops below \$25, you must use the rest and close the account. To do so, call NBSC at 800-708-5687 and press "0" for a customer service representative. He will transfer you to the appropriate person.

## **How Death Affects Your MoneyPlu\$ Accounts**

### **Flexible Spending Accounts**

**Medical Spending Accounts (MSA)** and **Dependent Care Spending Accounts (DCSA)** end on the date the employee dies. They are not refunded to the survivor.

An IRS-qualified dependent/beneficiary may continue an MSA through the end of the plan year under COBRA. Contact FBMC or your benefits administrator for more information. If the MSA is not continued through COBRA, the beneficiary has 90 days from the date of death to submit claims for eligible expenses incurred through the date of death.

DCSA claims incurred through the date of death may be submitted until the account is exhausted or through the end of the year.

The death of a spouse or child creates a "change in status" that makes it possible to stop, start or vary the

amount contributed to an MSA or DCSA. You have 31 days from the date of death to make the change. See page 168 for information about changing your contribution.

## Health Savings Accounts

If the beneficiary of the Health Savings Account (HSA) is the account owner's spouse, the HSA will become the spouse's HSA. If the beneficiary is not the spouse, the account will cease to be an HSA on the date of death. If the beneficiary is the account owner's estate, the fair market value of the account on the date of death will be taxable on the account owner's final return. For beneficiaries other than the spouse or the estate, the fair market value of the account is taxable to the beneficiary for the tax year in which the account owner died.

For more information, see Section VII of the Health Savings Account Custodial Agreement. A copy of the agreement is on the EIP Web site, [www.eip.sc.gov](http://www.eip.sc.gov). Select "Publications" and then "MoneyPlu\$." To settle the account, contact NBSC.

## Appeals

If your request for a mid-plan-year election change, a MoneyPlu\$ Spending Account reimbursement claim or a similar request is denied, in full or in part, you have the right to appeal the decision by sending a written request within 30 days of the denial for review to FBMC (Attn: Appeals Process, P.O. Box 1878, Tallahassee, FL 32302-1878).

Your appeal must include:

- The name of your employer
- The date of the services for which your request was denied
- A copy of the denied request
- A copy of the denial letter you received
- Why you think your request should not have been denied and
- Any additional documents, information or comments you think may have a bearing on your appeal.

Your appeal will be reviewed when FBMC receives it and its supporting documentation. You will be notified of the results of this review within 30 business days from receipt of your appeal. In unusual cases, such as when an appeal requires additional documentation, the review may take longer than 30 business days. If your appeal is approved, additional processing time is required to modify your benefit elections.

**Note:** Appeals are approved only if the extenuating circumstances and supporting documentation are within your employer's, your insurance provider's and IRS' regulations governing the plan.

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