

Christian Church  
(Disciples of Christ)  
Health Care  
Benefit Trust

**CHRISTIAN CHURCH  
(DISCIPLES OF CHRIST)  
FLEXIBLE SPENDING ACCOUNTS**



Tax Advantaged Funding for  
Health and Dependent Care Costs

**Trustee:**  
**Pension Fund of the Christian Church**  
**(Disciples of Christ)**  
**130 E. Washington Street**  
**Indianapolis, IN 46204-3659**  
**Ph: 317.634.4504**  
**Fax: 317.634.4071**

# Flexible Spending Account Enrollment

## EMPLOYEE

## EMPLOYER

Name \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

S.S. Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

E.I.N. Number: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Work Phone: \_\_\_\_\_

Employer Phone: \_\_\_\_\_

Cell Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Fax: \_\_\_\_\_

For the year \_\_\_\_\_, I request my employer to set aside \$\_\_\_\_\_ (\$5,000 maximum) and reduce my annual salary for unreimbursed medical expenses as a pre-tax contribution. This will be \$\_\_\_\_\_ per pay period.

For the year \_\_\_\_\_, I request my employer to set aside \$\_\_\_\_\_ (\$520 minimum, \$5,000 maximum) and reduce my annual salary for dependent care spending as a pre-tax contribution. This will be \$\_\_\_\_\_ per pay period.

I understand that if I am unable to claim these expenses, I will not receive these funds (“use it or lose it”). My election under this form cannot be revoked or changed before the first day of the next plan year unless there is a change in my employment status (e.g., marriage, divorce, death of spouse or child, birth or adoption of child, or change in employment status) as authorized by the Internal Revenue Code or regulations thereunder and that my change in election must be consistent with my change in family status. I also understand that unreimbursed medical expenses may be claimed up to the full amount designated for the year whenever incurred so long as required contributions continue.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Witnessed: \_\_\_\_\_ Date: \_\_\_\_\_

(Employer representative)

## EMPLOYER CERTIFICATION, ADOPTION AND AGREEMENT

\_\_\_\_\_ (“Employer”) agrees to be a participating employer and hereby adopts the Health Care FSA program for its employees participating in the Christian Church (Disciples of Christ) Health Care Program. The Employer understands that a monthly service fee of \$5.00 will be charged for each employee participating in the Health Care FSA or such fee as determined by the Pension Fund from time to time. The Employer understands and agrees that it will be liable for and pay the full amount that said employee has elected above to set aside for the year. The Employer agrees to fully fund the Health Care FSA amount, even if the employee ceases to be employed by the Employer. It is further understood that in the event there is a forfeiture of Health Care FSA funds by the employee, the Employer elects to donate said forfeiture to the Christian Church (Disciples of Christ) Health Relief Fund for Ministers.

Name of Organization: \_\_\_\_\_ Date: \_\_\_\_\_

Signed: \_\_\_\_\_ Title: \_\_\_\_\_

# FLEXIBLE SPENDING ACCOUNTS

## Frequently Asked Questions

### **What is a Health Care Flexible Spending Account?**

A health care flexible spending account provides you the opportunity to benefit from the tax savings available by setting aside money to pay for future health care expenses on a pre-tax basis. Health care flexible spending account contributions are not subject to federal income tax, Social Security taxes, and most state and local income taxes. Check with your local tax advisor on your state and local income tax laws.

### **How does the FSA account work?**

The Christian Church (Disciples of Christ) Flexible Spending Accounts for Health Care (“Health Care FSA”) allows you to set aside a maximum of \$5,000 per year to pay for eligible medical expenses, which are not paid by your medical and dental coverage through the Christian Church Health Care Benefit Trust or otherwise reimbursed. Qualified expenses may include:

- Deductibles
- Well baby care
- Co-payments
- Organized weight loss programs (if prescribed due to obesity, diabetes, high blood pressure, etc.)
- Vision Care (including RK & LASIK)
- Body scanning/heart scoring
- Certain over-the-counter medicines for treatment of current illnesses
- Dental Care
- Hearing aids & related expenses
- Transportation to obtain medical care
- Prescription drugs
- Smoking cessation programs
- Annual physicals
- Certain non-covered procedures, such as experimental surgery

Some expenses that may not be included are:

- Most cosmetic procedures
- Insurance premiums
- Vitamins & nutritional supplements (see below)
- Diet Food

Remember, contributions to the Health Care FSA are made on a pre-tax basis, and you don’t have to wait until the end of the year for reimbursement. At any time during the year, you have access to the full amount you elected to deposit for the year, less any reimbursements you have previously received for that year.

### **Are health club dues, exercise equipment, vitamins, or cosmetic surgery an eligible expense under the Health Care FSA?**

Health club dues and exercise equipment are eligible for reimbursement if accompanied by a physician’s statement indicating a body mass index (BMI) over 30.

Vitamins are eligible for reimbursement if for treatment of a current illness or condition and accompanied by a physician’s statement.

Expenses for cosmetic surgery are reimbursable from a health care flexible spending account if the surgery is needed to improve a deformity arising from or directly related to a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.

Expenses for procedures that are primarily to improve the patient’s appearance and do not meaningfully promote the proper function of the body or prevent or treat illness of disease are not reimbursable.

**In order to be reimbursable, do I have to submit a copy of a canceled check or a receipt for a bill that is already paid as proof of expense?**

You do not need to submit a copy of a cancelled check or a receipt for a bill that is already paid as proof of expense. An invoice or copy of an unpaid bill is acceptable since the program operates on an incurred date. We will look at the date the service was received to determine if it is eligible for the program year.

**Dependent Care Spending Account**

Day care expenses for the following dependents while you work (and if married, while your spouse is at work, is a full-time student or is disabled):

- Your children under 13;
- Your dependent who is physically or mentally disabled and incapable of self-care, including your spouse or child of any age, and
- Claimed as dependents for income tax purposes
- Your dependent parent or other dependent who spends at least eight hours a day in your home.

Eligible dependent care expenses include those for care in your home, in a babysitter's home, at a licensed day care center or by a relative who is not your dependent.

Minimum: \$ 520.00

Maximum: \$ 5,000.00 (or \$2,500.00 if you are married and file separate income tax returns)

**Use it, or Lose it!**

It is important to accurately estimate your expenses and only elect an annual contribution to cover expected claims, because IRS rules require that any money left in your Health Care FSA account will be forfeited. However, as long as you are a participant you do have until March 31 to submit any eligible expenses you incur between January 1 and March 15 of the next year.

**How are claims submitted?**

When you have an eligible expense to be reimbursed from your Health Care FSA, you can file a claim by completing a Flexible Spending Account Claim Form and submitting it, and proof of expense, to:

Account Service Center  
P. O .Box 22130  
Pittsburgh PA 15222

This form will also be available from the Christian Church (Disciples of Christ) Health Care Benefit Trust.

**Can medical and/or dental premiums be reimbursed through the Health Care FSA?**

No, the IRS does not allow reimbursement of monthly insurance premiums through a flexible spending account.

**When may I enroll?**

You must enroll within 31 days of your hire date or along with enrollment in the Christian Church (Disciples of Christ) Health Care Program. If you do, your contributions take effect as of the date you enroll. If you don't enroll within the prescribed time frames, you must wait until the next annual enrollment to enroll.

Annual enrollment takes place each year. During this time, you can start, stop, or change the amounts you are contributing to the flexible spending account(s). Any elections you make, however, take effect on January 1 and remain in effect through December 31 of that calendar year.

You can change your benefit election only during the open enrollment period at the end of each plan year unless there is a change in status. If there is a change in status, however, you may change your election at the time of the event as long as your requested change election corresponds to the event and you request a change within 30 days. Events that are considered status changes are:

- A change in legal marital status – including marriage, death of spouse, divorce, legal separation or annulment.
- A change in the number of dependents – including birth, adoption, placement for adoption, or death.
- A change in employment status – including termination or commencement of employment by the employee, the spouse, or a dependent child; or reduction or increase in hours of employment by the employee, the spouse, or a dependent child, such as a switch between part-time and full-time or commencement or return from an unpaid leave of absence (including an FMLA leave), if the change in employment affects eligibility for health coverage.
- A dependent satisfying or ceasing to satisfy the requirements for dependent coverage due to the attainment of age, student status, marriage, or similar circumstance.
- A change in place of residence of work of the employee, the spouse, or dependent child if it affects eligibility for health coverage.
- A HIPPA special enrollment event (basically becoming ineligible for other coverage).
- A court order requiring the employee or the employee’s former spouse to provide health coverage for a child.
- Entitlement to Medicare or Medicaid or loss of entitlement to Medicare or Medicaid, or CHIIP by the employee, spouse or child.

### **Must I enroll every year to continue participation in the FSA(s)?**

Yes, you must complete an FSA enrollment form during the annual open enrollment period each November and December to continue your participation in the Health Care FSA for the next calendar year.

### **What if I change church employers during the year?**

If you are participating in the Health Care FSA at the time of relocation to another participating employer, you must negotiate with your new employer to participate in the Christian Church (Disciples of Christ) Flexible Spending Accounts for Health Care program. You may not change the flexible spending account limit you began for the year and any reimbursements previously given will continue to apply for further claims. In other words, your Health Care FSA will be carried over to your new employer. If you leave employment and your new employer does not participate in the Health Care FSA, further contributions to the program for the year will cease and you will no longer be a participant in the program. You may submit claims for reimbursement for eligible medical expenses incurred before you left, up to the balance in your Health Care FSA. Any claims must be submitted within 90 days after you leave employment.

If you are not already participating in the Health Care FSA at the time of your relocation to another participating Christian Church (Disciples of Christ) employer, you may treat the new relationship as a new employment that will qualify for the 31 day enrollment window if your new employer participates in the Health Care FSA. See “How do I enroll?”

### **Whom do I call if I have questions regarding the Health Care FSA program?**

Questions pertaining to the Health Care FSA program and eligibility should be directed to your client service representative at the Christian Church (Disciples of Christ) Health Care Benefit Trust at 317.634.4504.

Questions pertaining to your specific Health Care FSA account should be directed to Highmark Blue Cross Blue Shield at 1.800.524.5503.

## The Before-Tax Advantage

By contributing to a Health Care FSA, you authorize your congregation or church related organization to set aside a certain amount from your pay before taxes. Since you are taxed only on the cash salary amount remaining in your paycheck, this reduces your taxable wages. Lower taxable income means that you pay less in taxes.

Your Health Care FSA contributions are not subject to:

- Federal Income Taxes
- Social Security (FICA or SECA) taxes; and
- Most state and local (including county) income taxes. (Rules vary, and state and local taxes are subject to frequent changes.)

## An Example

To illustrate the potential tax savings of a Health Care FSA, let's assume your annual income is \$25,000. Let's also assume that you contribute \$1,000 to your Health Care FSA.

	Non-Clergy*		Clergy**	
	Using the Flexible Spending Account	Not Using the Flexible Spending Account	Using the Flexible Spending Account	Not Using the Flexible Spending Account
Pay	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
FSA Deposits	-\$ 1,000.00	\$ .00	-\$ 1,000.00	-\$ .00
Taxable Income	\$24,000.00	\$25,000.00	\$24,000.00	\$25,000.00
Taxes	-\$ 4,417.10	-\$ 4,611.10	-\$ 4,340.60	-\$ 4,611.10
After-Tax Income	\$19,582.90	\$20,388.90	\$19,659.40	\$20,388.90
After Tax Medical Expenses	-\$ .00	-\$ 1,000.00	-\$ .00	-\$ 1,000.00
Spendable Income	\$19,582.90	\$19,388.90	\$19,659.40	\$19,388.90
<b>Annual Savings</b>	<b>\$ 194.00</b>	<b>\$ .00</b>	<b>\$ 270.50</b>	<b>\$ .00</b>

\* Estimated federal, state and Social Security taxes for a married employee with two exemptions who files a joint federal tax return.

\*\* Estimated federal, state and Social Security taxes for a married ordained minister with two exemptions who files a joint federal tax return.

Remember, these are only examples. Your tax savings depend on current tax laws and your own personal situation.

As one can see from the examples, by using the Health Care FSA to reimburse eligible health care expenses, one realizes tax savings, thereby reducing the net cost of care. No matter how the tax rates change, the principle of before-tax contributions remains the same. Reducing your taxable income results in tax savings.

## Effect of Before-Tax Dollars on your Churchwide Health Care Benefits

Before-tax dollars deducted from your pay reduce your income for tax purposes only. They don't affect the pay used to determine your benefit levels or coverage under any employer sponsored benefit program. However, using before-tax dollars may affect any social security benefits you may eventually be eligible to receive. For most people, however, the reduction is only a few dollars a month in retirement income.

## **Is a Health Care FSA more beneficial than claiming health care costs as a tax deduction?**

The Health Care FSA is tax-free from the first dollar. Only health care expenses exceeding 7.5% of your adjusted gross income are eligible to be deducted on your tax return. Using the above example, only health care expenses exceeding \$1,875 (7.5% of \$25,000) would be eligible to be deducted on your income tax return. Money set aside through a Health Care FSA is also exempt from FICA (SECA for clergy) taxes. This exemption is not available on your federal income taxes.

## **Who is eligible?**

Active participants of the Christian Church (Disciples of Christ) Health Care Program who are employed by eligible congregations and organizations are eligible to participate. Participants must receive a salary from church employment that can be allocated to this program.

## **How do I enroll?**

Participation in the Health Care FSA requires the consent of your employer and your instructions regarding contributions. You will need to complete the top half of the attached form (see page 2). Your employer will need to complete the bottom half and return the full form to the Christian Church (Disciples of Christ) Health Care Benefit Trust at the address printed on the front or back page of this pamphlet.

## **How does this benefit my employer?**

The creation of a health care flexible spending account program requires the establishment of a separate plan, with separate financial accounts and annual reporting requirements. Using the Health Care FSA eliminates the administrative and legal responsibilities for the employer. Offering such a program can also be viewed as an employee benefit.

## **What are the responsibilities and commitments required of my employer?**

- To commit by governing action to offer this Health Care FSA program to its employees.
- To deduct and withhold on a pre-tax basis the funds you allocate for the program and to remit Health Care FSA funds at least monthly to the Christian Church (Disciples of Christ) Health Care Benefit Trust.
- To fulfill the annual allocation commitment.
- To agree to pay a monthly administrative fee of \$5.00 per employee participating in the program.
- To complete the enrollment and employer certification.
- To elect to donate any Health Care FSA funds forfeited by their employees to the Christian Church (Disciples of Christ) Health Relief Fund for Ministers.

## **What are my responsibilities?**

- To participate in Churchwide Health Care.
- To complete the enrollment and allocation election form.
- To fund the FSA through authorized payroll deduction.
- To submit accurate claims for reimbursement.

**Christian Church**  
(Disciples of Christ)  
**Health Care Benefit Trust**



Trustee: Pension Fund of the Christian Church  
130 East Washington Street  
Indianapolis, IN 46204-3659  
Ph: 317.634.4504  
Fax: 317. 634.4071