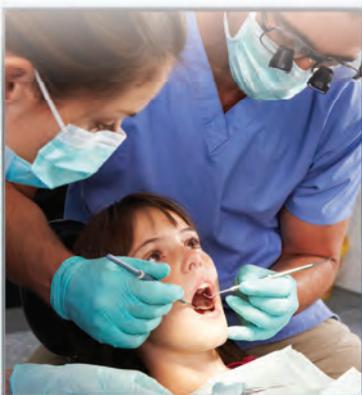


*Your window  
to tax savings  
on everyday expenses!*

# FLEXIBLE SPENDING ACCOUNTS



**OPEN SEASON**

***Nov. 12–Dec. 23, 2012  
5 p.m. Central Time***

***PostalEASE***

Go to <https://liteblue.usps.gov>  
or Intranet (Blue)  
or an employee self-service kiosk  
or call 1-877-477-3273



## Open season for the Flexible Spending Accounts (FSA) program has arrived.

- To enroll, first read this brochure, which describes the FSA program in detail. Changes for 2013 are shown on page 16. Then follow the instructions on the *PostalEASE* FSA Worksheet found at the center of this brochure. You'll find the Claim Form there too.
- For certain expenses, use the FSA Consumer Accounts Card or Health Care Spending Card and you won't have to file a paper claim — access to your FSA funds is immediate (see page 22). Administer your FSA account on the Internet at [www.myuhc.com](http://www.myuhc.com) (see page 24). While you're on that website, sign up for electronic Direct Deposit of your FSA reimbursements at the bank account of your choice — get your money as quickly as possible (see page 25). If you are or will be covered by a High Deductible Health Plan with a Health Savings Account, read the important information about the Limited FSA beginning on page 11.
- You may enroll using *PostalEASE* during FSA Open Season, which is from November 12 through 5:00 P.M. Central Time on December 23, 2012.
- If you are enrolled in FSAs for 2012 and want to participate in 2013, you must re-enroll.
- If insurance won't cover all of your 2013 out-of-pocket health care expenses (for you and your family) consider enrolling in the Health Care FSA.
- If you will have dependent care expenses (like day care, babysitting, or summer day camp for your children, or elder day care expenses for dependent parents) in 2013 because you are working, read about the Dependent Care FSA.
- Savings from typical expenses:
  - without FSA, child care could run \$400 per month or \$5,000 per year; with FSA, your expenses could be as low as \$250 per month or \$3,120 per year
  - without FSA, Lasik might cost \$2,400; with FSA, \$1,500
  - without FSA, glasses could be \$325; with FSA, \$200
  - without FSA, you might spend \$400 next year on prescriptions; with FSA, you could cut that to \$250
  - without FSA, you might pay your dentist or orthodontist \$2,000 in a year; with FSA, your expense could be as low as \$1,250
  - without FSA, doctor visit copays might cost you \$200; with FSA, you could trim that cost to \$125
- How much money can you save? Look at the FSA Tax Savings Estimator on page 2.
- If you enroll, your first FSA Claim Form is included in this brochure. Use it to request reimbursement as soon as you have an eligible 2013 expense.
- If you have any questions about FSAs or want to learn more about how they work, call the FSA Customer Service Center at 1-800-842-2026 from 8:00 A.M. to 8:00 P.M. Eastern, Central, Mountain, and Pacific Time, Monday through Friday, to speak to a representative. Employees who are deaf or hard of hearing may call this number via 711, the Telecommunications Relay Service (TRS).

Postal employees enrolled for over 75,000 FSA accounts in 2012. Why? To save money. Don't miss your chance to enroll during FSA Open Season and reduce your taxes in 2013.

Please read this brochure carefully. The Postal Service wants you to understand the details so that you make the most of this opportunity. While FSAs can save you money by reducing the taxes you pay, there also is an element of risk that you can control by being conservative with your contributions, as discussed in this brochure. If your expenses are lower than you expected, or you do not request reimbursement by the claims deadline, under IRS rules you will lose all money left in your FSA.

You are encouraged to keep this brochure in your records as a ready reference.

Compensation  
475 L'Enfant Plaza SW  
Washington DC 20260-4101



# Table of Contents

## Page

2	<b>Flexible Spending Accounts</b>
4	<b>How does a Flexible Spending Account work?</b>
4	<b>How do I decide if an FSA is right for me?</b>
4	<b>Who is eligible to enroll in an FSA?</b>
5	<b>How do I enroll?</b>
5	<b>How do I make FSA contributions?</b>
5	<b>What is my period of participation?</b>
6	<b>What does the Health Care FSA cover?</b>
8	<b>What does the Dependent Care FSA cover?</b>
11	<b>The Limited FSA for employees enrolled in High Deductible Health Plans</b>
13	<b>How does the FSA Grace Period give me an extra 2-1/2 months to use up my 2013 FSA contributions?</b>
14	<b>How do qualifying life events let me enroll or change my contribution level?</b>
16	<b>Changes for 2013 and Key Points</b>
17	<b>What happens if my pay goes down?</b> <ul style="list-style-type: none"><li>• What happens to my FSA if I go on Leave Without Pay (LWOP)?</li><li>• If I miss contributions because of low pay or LWOP, do I have to make them up?</li></ul>
18	<b>How do I get money out of my FSA?</b>
19	<ul style="list-style-type: none"><li>• Can I get payment if I retire, resign, transfer, or otherwise terminate from employment?</li><li>• What will I owe if I retire, resign, transfer, or otherwise terminate from employment?</li></ul>
20	<b>How can employees activated for military duty for 180 days or more elect a taxable refund of unused Health Care FSA contributions under the HEART Act?</b>
22	<b>The Consumer Accounts Card or Health Care Spending Card — paperless reimbursement</b>
24	<b>Using <a href="http://www.myuhc.com">www.myuhc.com</a> to manage your FSA</b>
25	<b>A Direct Deposit option for your FSA reimbursements</b>
26	<b>Account management information</b>
27	<b>What tax laws apply to expenses covered by FSAs?</b>
31	<b>What the terms mean</b>
32	<b>Your rights under the Flexible Spending Accounts Benefit Plan</b>



**QUESTIONS • Call the FSA Customer Service Center at: 1-800-842-2026**

# Flexible Spending Accounts

If you're like most people, you have health care expenses you pay yourself — insurance doesn't cover them. Expenses for you and your family, like doctor and dentist visits, vision care, and so on. But your expenses aren't high enough for you to claim a deduction on your taxes.

You can get a tax break, though, by signing up for Flexible Spending Accounts (FSAs). You contribute money from your paychecks to an FSA, which is an account that allows you to cover your eligible health care expenses throughout the year with tax-free money. Meanwhile, whatever you contribute isn't subject to federal income tax, or Social Security tax, or Medicare tax. Since you get a tax break each payday, it's cheaper to pay for your health care expenses through an FSA. (Without an FSA, you pay for health care expenses using your checkbook or a credit card, and there's no tax break at all.)

And you can use FSAs for dependent care (day care) expenses too. That's because there are two types of FSAs available to you — the Health Care FSA for health care expenses and the Dependent Care FSA for dependent care expenses. There are dollar limits on how much you can contribute to each account. If you participate fully in both, your maximum contribution for 2013 is \$7,500, for both bargaining unit and nonbargaining unit employees.

Use this FSA Tax Savings Estimator to see how much you can save on taxes by using FSAs. (This will depend on how much you contribute and on your tax rate.) The examples on the next page explain in more detail what typical employees might save if they make a contribution of \$7,500. The FSA Tax Savings Estimator and the examples show you the total difference FSAs can make in your take-home pay. However, you will realize tax savings throughout the year, since your taxable income will be reduced in every paycheck.



## FSA Tax Savings Estimator

FERS EMPLOYEES		
15%	Your federal income tax bracket	25%
5%	State income tax (assumption)	5%
7.65%	Social Security/Medicare	7.65%
<b>27.65%</b>	<b>Tax Rate</b>	<b>37.65%</b>

### Your Estimated Annual Tax Savings

27.65% Tax Rate	Your Annual Health Care and/or Dependent Care FSA Contribution	37.65% Tax Rate
\$ 138	\$ 500	\$ 188
207	750	282
277	1,000	377
553	2,000	753
830	3,000	1,130
1,106	4,000	1,506
1,383	5,000	1,883
2,074	7,500	2,824

**Only contribute what you will use.  
CSRS Offset Employees — see CSRS example.**



CSRS EMPLOYEES		
15%	Your federal income tax bracket	25%
5%	State income tax (assumption)	5%
1.45%	Medicare	1.45%
<b>21.45%</b>	<b>Tax Rate</b>	<b>31.45%</b>

### Your Estimated Annual Tax Savings

21.45% Tax Rate	Your Annual Health Care and/or Dependent Care FSA Contribution	31.45% Tax Rate
\$ 107	\$ 500	\$ 157
161	750	236
215	1,000	315
429	2,000	629
644	3,000	944
858	4,000	1,258
1,073	5,000	1,573
1,609	7,500	2,359

**Only contribute what you will use.  
Also applies to CSRS Offset Employees.**

## Federal Employees Retirement System (FERS)

### EXAMPLE 1

### EXAMPLE 2

	No FSA	With FSA	No FSA	With FSA
Family Income (After Exemptions & Deductions)	\$40,000	\$40,000	\$85,000	\$85,000
Minus Annual FSA Contribution	–	\$7,500	–	\$7,500
Taxable Income	\$40,000	\$32,500	\$85,000	\$77,500
Minus Payroll and Income Taxes*	\$10,214	\$8,140	\$24,259	\$21,435
Health & Dependent Care Expenses	\$7,500	–	\$7,500	–
Remaining Amount	\$22,286	\$24,360	\$53,241	\$56,065
<b>Savings</b> from FSA Participation	–	\$2,074	–	\$2,824

\* Assumes 2011 tax rates; taxpayer is married filing joint return; 5% state and local income tax; 1.45% Medicare tax; uses the normal 6.2% Social Security tax rather than the actual 2011 reduced rate of 4.2%; and a 15% marginal federal income tax rate for Example 1 and a 25% marginal rate for Example 2. Your actual tax rates may vary. CSRS Offset employees should refer to CSRS examples

It should be noted that the dependent care expenses are eligible for a dependent care tax credit. For a comparison between the advantages of a Flexible Spending Account and the tax credit for dependent care expenses, see page 28.

## Civil Service Retirement System (CSRS)

### EXAMPLE 3

### EXAMPLE 4

	No FSA	With FSA	No FSA	With FSA
Family Income (After Exemptions & Deductions)	\$40,000	\$40,000	\$85,000	\$85,000
Minus Annual FSA Contribution	–	\$7,500	–	\$7,500
Taxable Income	\$40,000	\$32,500	\$85,000	\$77,500
Minus Payroll and Income Taxes**	\$7,734	\$6,125	\$18,989	\$16,630
Health & Dependent Care Expenses	\$7,500	–	\$7,500	–
Remaining Amount	\$24,766	\$26,375	\$58,511	\$60,870
<b>Savings</b> from FSA Participation	–	\$1,609	–	\$2,359

\*\* Assumes 2011 tax rates; taxpayer is married filing joint return; 5% state and local income tax; 1.45% Medicare tax; and a 15% marginal federal income tax rate for Example 3 and a 25% marginal rate for Example 4. Your actual tax rates may vary. These examples also apply to CSRS Offset employees.

It should be noted that the dependent care expenses are eligible for a dependent care tax credit. For a comparison between the advantages of a Flexible Spending Account and the tax credit for dependent care expenses, see page 29.

**QUESTIONS** • Call the FSA Customer Service Center  
at: **1-800-842-2026**



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## How does a Flexible Spending Account work?

- 1. You estimate expenses** — For January 1 through December 31, 2013, you estimate your dependent care (day care) costs and the amount of your out-of-pocket health care expenses (for yourself and your family members) that will not be covered by any insurance plans. (Do not include your health insurance premiums.) See page 7 for estimating health care expenses and page 10 for estimating dependent care expenses.
- 2. You have money withheld** — You have pre-tax money withheld from each paycheck to cover these expenses. You can withhold up to \$2,500 for out-of-pocket health care expenses and up to \$5,000 for out-of-pocket dependent care expenses. (See page 5 for more information about making contributions.)
- 3. Money is deposited in your FSA** — Throughout 2013, your pre-tax FSA contributions are automatically deposited into your Health Care FSA and/or Dependent Care FSA each time you are paid. USPS makes no additional contributions to your FSA. FSAs are administered by a plan administrator under a contract with USPS.
- 4. You withdraw money to cover bills** — As expenses come up during 2013, you can withdraw money from your account to cover these costs. You are encouraged to submit your FSA Claim Form as soon as you have the necessary proof of your expenses. Your first Claim Form is in the center of this brochure. (See page 18 for more information about withdrawing money from your FSA. Also, see page 13 for information about the 2-1/2 month grace period for FSA expenses.)

## How do I decide if an FSA is right for me?

The main benefit of an FSA is that your contributions are withheld before tax is taken from your paycheck and that your taxable income is reduced accordingly. There are some risks to opening an FSA, though. So, make sure you weigh these pros and cons carefully before you decide to enroll.

**Enrollment in FSAs is entirely voluntary. Be sure to look at all sides of this program and then decide what is right for you. If you're not comfortable, you may want to wait for the November 2013 FSA Open Season to enroll for 2014.**

- **Lower Taxes** — You will end up paying less federal income tax, Medicare tax, and Social Security tax, and usually less state and local income tax.\*

Use the FSA Tax Savings Estimator on page 2 to see how much you can save by using FSAs to cover your out-of-pocket health care and dependent care expenses.

- **Possible Reduction in Social Security** — Depending on your income, you may receive a slightly lower Social Security benefit at retirement because of your FSA contributions. This is because FSA contributions reduce the earnings reported to the Social Security Administration.
- **No Impact on Other Benefits** — FSA contributions do not reduce contributions or benefits under your retirement plan, life insurance, Thrift Savings Plan, or benefits under Medicare.
- **Loss of Unused Contributions** — You must calculate your contributions carefully. If your expenses are lower than you expected, or you do not request reimbursement for a covered expense by the claims deadline of September 30, 2014, you will forfeit any money left in your FSA. Make sure you understand what happens with your FSA if you go on leave without pay (see page 17) or if you terminate from employment (see page 19).

\* FSAs are subject to state and local laws. Some states do not permit the exemption of compensation that is permitted under federal tax laws for FSA contributions. For example, residents of New Jersey and Puerto Rico may not be able to reduce their state and local income taxes for either FSA, and residents of Pennsylvania for the Dependent Care FSA.

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## Who is eligible to enroll in an FSA?

You may sign up for one or both FSAs, provided you meet the eligibility requirements explained below.

### **Eligibility for Enrollment During FSA Open Season**

You may enroll if you meet three eligibility requirements: **1)** you must be a career employee, **2)** you must not be in a leave without pay (LWOP) status that has lasted for 8 consecutive full pay periods or more by the end of PP 26-12 (December 14, 2012), and **3)** you must have completed at least 26 full pay periods of postal career service (during your current term of employment) by the end of PP 26-12 (December 14, 2012). No credit is given for federal service or for postal service during a previous term of employment. If you meet these requirements but do not enroll, you must wait for the FSA Open Season in 2013, unless you enroll following a qualifying life event.

### **Eligibility for Enrollment After FSA Open Season**

As explained below, in certain cases employees who do not enroll during FSA Open Season may enroll during 2013 without waiting for the next FSA Open Season. If you do so, the maximum and minimum amounts you may contribute are reduced on a prorated basis for the number of pay periods left in the year.



## Enrollment Following a Qualifying Life Event

If you do not enroll during FSA Open Season, you may still enroll during 2013 if you have a qualifying life event and enrollment would be in keeping with the change. For example, if you have a new baby during 2013, it would be in keeping for you to enroll for both the Health Care FSA and the Dependent Care FSA, since there could be increased out-of-pocket health care expenses for the baby and a need for day care. You would have to contact the Human Resources Shared Service Center (HRSSC) and enroll within 60 days of the change. For more information, see page 14.

## Newly Hired Employees

If you are a newly hired career employee, you will first be eligible to participate when you have completed 26 full pay periods of postal career service (during your current term of employment). No credit is given for federal service or for postal service during a previous term of employment. You must enroll during the 26th or 27th full pay period following your career appointment. Shortly before that time, you will receive a notice informing you of your upcoming enrollment opportunity.

## Special Eligibility Rules

### Circumstances Beyond Your Control

If you miss an opportunity to enroll, or to change your contribution level following a qualifying life event, due to circumstances beyond your control (for example, you were incapacitated or on extended leave away from home, including military service) contact the Human Resources Shared Service Center (HRSSC). You may enroll during the two pay periods that follow your first ability to make an election, during or after FSA Open Season.

### Employees on LWOP for Eight Pay Periods

You may not enroll, even if otherwise eligible, when you are in a leave without pay (LWOP) status that has already lasted for eight consecutive full pay periods. If this is the case, you must wait for the next FSA Open Season, unless you enroll following a qualifying life event. However, you may enroll upon returning from uniformed military service, even if over the eight pay periods of LWOP. The counting of LWOP resets each year with PP-01 — for example, if you were on LWOP in PP-25, PP-26, and PP-01, then PP-01 counts as your first consecutive full pay period of LWOP for FSA purposes in 2013.

## If You Have a High Deductible Health Plan with a Health Savings Account

Please make sure to read the section beginning on page 11 before you enroll in a Health Care FSA.



## How do I enroll?

- **During FSA Open Season** – Follow the instructions on the *PostalEASE* FSA Worksheet at the center of this brochure; enroll by 5:00 PM Central Time on December 23, 2012 (but don't wait until the last minute).
- **After FSA Open Season** – Newly hired employees must use *PostalEASE*. All others must contact the Human Resources Shared Service Center (HRSSC).
- **Enrollment Confirmation** – After you enroll, the FSA Customer Service Center will send you a confirmation statement – check it carefully.

## How do I make FSA contributions?

When you enroll in a Health Care FSA and/or a Dependent Care FSA, you sign up for a dollar contribution to be made during 2013. The payroll computer divides the amount(s) equally among your paychecks. If you enroll during FSA Open Season, the amount is divided by 26; if you enroll after FSA Open Season, it is divided among the pay periods left in the plan year.

## What is my period of participation?

Your FSA participation has a beginning date and an ending date. To use your FSA to cover eligible out-of-pocket health care and dependent care expenses, they must be for services or items received during your period of participation.

- **Beginning Date** – If you enroll during FSA Open Season, your period of participation begins January 1, 2013. If you enroll after FSA Open Season, it begins the first day of the pay period after your enrollment is processed in *PostalEASE* or approved by the Human Resources Shared Service Center (HRSSC).
- **Ending Date** – Your period of participation ends March 15, 2014, as long as you are still a participant on December 31, 2013. Your coverage period ends before March 15, 2014, if you go on extended leave without pay or terminate from employment. See pages 17 and 19 for details.
- **Grace Period** – As long as you are still an FSA participant on December 31, 2013, and if you haven't had enough eligible expenses to use up your 2013 FSA contributions, then you have a 2-1/2 month grace period, from January 1, 2014, through March 15, 2014, to purchase eligible items or services and have them paid from your 2013 FSA. This way, you can make sure you don't lose any 2013 FSA contributions. See page 13 for more information.



# What does the Health Care FSA cover?

Health Care FSAs can be used to cover your (and your eligible dependents') health care expenses that are not paid by your (or your spouse's) medical, dental, or vision plan, or by insurance. Calculate your contributions carefully. If your expenses are lower than you expected, or you do not request reimbursement by the claims deadline, under IRS rules you will lose all money left in your FSA. **Note:** Review the section "How do I get money out of my FSA?" (pp. 18–19) for information about filing for specific expenses and the required documentation.

**IMPORTANT:** Review the provisions of the 2010 Patient Protection and Affordable Care Act for Health Care FSAs. To learn about restrictions on coverage for over-the-counter medications, see "Ineligible Expenses." See "Qualified Dependents" to learn about expanded coverage for children who are not dependents on your taxes.

## Eligible Expenses

The Health Care FSA may only be used to cover health care expenses. According to the IRS, health care expenses are the costs of the diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes. They also include dental expenses. Medical care expenses must be primarily to alleviate or prevent a physical or mental defect or illness. (They do not include expenses that are merely beneficial to general health, such as vitamins or a vacation.)

To be eligible, a health care expense must be an out-of-pocket health care expense for you or your eligible dependents. See the following section on "Qualified Dependents." The definition of a qualified dependent under the Health Care FSA is different than under a Dependent Care FSA, which is explained on page 9.

- For examples of currently approved eligible expenses, see page 7. To find out whether a certain service or item would be covered, call the FSA Customer Service Center at 1-800-842-2026.
- Go to [www.myuhc.com](http://www.myuhc.com) to see a list of eligible health care expenses, including a list of over-the-counter supplies that are eligible for reimbursement from your Health Care FSA. See page 24 for information on using this web site.
- Although over-the-counter (OTC) medicines or drugs are not eligible for reimbursement from your Health Care FSA without a prescription, the following OTC items continue to be eligible without a prescription — insulin, and supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses.
- You must meet IRS documentation requirements in filing your claims. For certain services or items, you may be required to provide a letter of medical necessity from your health care provider to

meet IRS requirements. Your health care provider must certify that the services or items are medically necessary, indicate the specific diagnosis, the specific treatment needed, the length of the treatment, and how this treatment will alleviate the medical condition. If you submit a claim that requires this documentation and you have not provided it, the FSA Customer Service Center will request it from you.

- Review the section "How do I get money out of my FSA?" (pp. 18–19) for information about filing for specific expenses and the required documentation.

## Ineligible Expenses

- For both the 2013 Health Care FSA and for the grace period for the 2012 Health Care FSA, over-the-counter (OTC) medicines or drugs are not eligible for reimbursement unless you have a prescription from your health care provider. (The only exception is insulin, which continues to be eligible without a prescription. Also, supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses continue to be eligible without a prescription.)
- Go to [www.myuhc.com](http://www.myuhc.com) to see a list of ineligible health care expenses, including a list of over-the-counter items and drugs that are ineligible for reimbursement from your Health Care FSA. See page 24 for information on using this web site. Or, to find out whether a certain service or item would be covered, call the FSA Customer Service Center at 1-800-842-2026.
- Expenses for services or items received before January 1, 2013, or received after March 15, 2014, as long as you are still a participant on December 31, 2013. (See page 13 for more information on the 2-1/2 month grace period.) If you enroll after FSA Open Season, expenses before your enrollment takes effect are ineligible. If you go on extended leave without pay (see page 17) or you terminate from employment (see page 19), your participation ends and expenses after that date are ineligible and you are not eligible for the 2-1/2 month grace period, because you are not still a participant on December 31, 2013. (See page 13 for more information.)
- **Note:** FSA claims are processed according to the date the service or item is received, not the billing or payment date. Review the section "How do I get money out of my FSA?" (pp. 18–19) for information about filing for specific expenses and the required documentation.

- Expenses paid by any insurance plan.
- Any health plan and any other insurance premiums paid by you or your spouse. (Most USPS employees already pay FEHB premiums on a pre-tax basis.)
- Any dental or vision insurance premiums paid by you or your spouse. (USPS employees enrolled in FEDVIP pay those premiums on a pre-tax basis.)
- Association or union associate dues.
- Over the counter dietary supplements such as vitamins that are merely beneficial to the general health, toiletries such as toothpaste, and cosmetics such as face cream.
- A claim based on an estimate for a service that has not been provided yet.
- Expenses for a purely cosmetic procedure or item, unless it improves the function of the body or eliminates deformities directly related to a congenital condition, personal injury, or disfiguring disease.
- In most cases, prescribed drugs brought in or shipped from another country (you can claim drugs that the Food and Drug Administration announces can be legally imported).
- If you are covered, or will be covered, by a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), make sure you read the important information about the Limited FSA beginning on page 11. You will have a tax conflict if you have both a Health Care FSA and an HSA in the same calendar year. (You can only establish an HSA if you enroll in a "High Deductible Health Plan" such as those listed in the various 2013 Guides to Benefits for career Postal Service employees.)

## More information

For a list of eligible and ineligible expenses, go to [www.myuhc.com](http://www.myuhc.com), including a list of over-the-counter items and drugs that are eligible or ineligible for reimbursement from your Health Care FSA. See page 24 for information on using this web site. Or, to find out whether a certain service or item would be covered, call the FSA Customer Service Center at 1-800-842-2026.

You may also call the IRS at 1-800-TAX-FORM or [www.irs.gov](http://www.irs.gov) to obtain IRS Publication 502, *Medical & Dental Expenses*. **Note:** Health Care FSA rules differ from IRS Publication 502 on two points. First, you cannot use your FSA to pay for health plan premiums. Second, when you receive items or services determines whether they may

be covered by your FSA, not when you pay for services as stated in IRS Publication 502. Direct any tax questions you may have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice. You may reach the IRS at 1-800-TAX-1040.

For information on withdrawing money from your Health Care FSA, refer to pages 18 through 23.

Be sure to review the information on pages 27 and 30 on tax laws that apply to health care expenses.

### Qualified Dependents

For purposes of the Health Care FSA, qualified dependents include:

- Your spouse.
  - Your natural born or adopted child who you (or if you are divorced, you or your ex-spouse) may claim as a dependent on your federal tax return.
  - Any other person who you may claim as a dependent on your federal tax return.
  - Children who are *not* your dependents—but *only* until December 31 of the year *before* the year in which they turn age 27. “Children” include your natural children, stepchildren, adopted children, eligible foster children, or children who are placed with you for legal adoption.
- Note:** Because qualified dependent status for non-dependent children ends under this rule on December 31 of the year before the year of a child’s 27th birthday, you may only claim eligible expenses for services or items received by or for your child on or before December 31 of the year before the year of your child’s 27th birthday. This means that if you end that year with an available balance in your FSA, you *may not* claim expenses for that child that are incurred during the normal January 1 through March 15 grace period in the following year.

### Maximum Contribution

Your maximum contribution is \$2,500, which equals \$96.15 per pay period. (This is prorated for enrollment after FSA Open Season — see page 5.) If your spouse has a Health Care FSA, either with USPS or another employer, you may each contribute up to the maximum.

### Minimum Contribution

Your minimum contribution is \$130, which equals \$5 per pay period. (This is prorated for enrollment after FSA Open Season — see page 5.)

### Period Covered (Plan Year)

The Health Care FSA covers eligible expenses for services received from January 1, 2013, through March 15, 2014, as long as you are still a participant on December 31, 2013. See page 13 for more information on the 2-1/2 month grace period. If you are enrolling after FSA Open Season, the beginning of the coverage period is the first day of the pay period after your enrollment is processed in *PostalEASE* or approved by the Human

Resources Shared Service Center (HRSSC). Your coverage period ends before March 15, 2014, if you go on extended leave without pay (see page 17) or terminate from employment (see page 19).

### Withdrawal Period

Your request to withdraw funds from your FSA for covered expenses may be submitted at any time after January 1, 2013, but must be received by the FSA Customer Service Center no later than September 30, 2014. If you do not meet this deadline, you will forfeit any funds remaining in your FSA. Therefore, you are encouraged to submit your FSA Claim Form during the plan year as soon as you have the necessary proof of your expenses.

## How do I estimate my health care expenses?

Here is a list of some expenses (for you and your eligible dependents) that can be covered by a Health Care FSA. To estimate your out-of-pocket expenses for 2013, start by looking at your 2012 expenses. Do not include health insurance premiums, or any portion of your expenses that will be paid by insurance. As you fill in numbers, remember to estimate on the low side. You will forfeit any amount left in your FSA for which you do not file a claim by the withdrawal deadline. However, as explained on page 13, there is a 2-1/2 month grace period that gives you extra time to make sure you use up your FSA contributions.

## Types of Eligible Expenses for You and Your Family

	2012's Out-of-Pocket Expenses	Estimated Out-of-Pocket Expenses for 2013
Medical/Dental Deductibles	_____	_____
Medical/Dental Copayments	_____	_____
Prescription Drugs	_____	_____
Over the Counter Supplies and Insulin*	_____	_____
Physical Exams	_____	_____
Lab/X-Ray (for medical reasons)	_____	_____
Chiropractic Visits	_____	_____
Prescribed Birth Control	_____	_____
Childbirth Classes (mother-to-be only)	_____	_____
Cardiac Rehabilitation Classes	_____	_____
Drug Abuse Treatment Center	_____	_____
Guide Dogs (for the blind or deaf)	_____	_____
Dental Education (e.g., for plaque control)	_____	_____
Dentures	_____	_____
Dental Services (except cosmetic)	_____	_____
Orthodontia (Braces)	_____	_____
Eye Exams	_____	_____
Eyeglasses (including tinting)	_____	_____
Contact Lenses, Supplies, Equipment	_____	_____
Lasik (laser) Eye Surgery	_____	_____
Hearing Exams	_____	_____
Hearing Aids/Repairs/Batteries	_____	_____
Special Telephone Equipment (for the deaf)	_____	_____

\* These items may be purchased without a physician’s prescription. Over-the-counter medicines and drugs other than insulin are only eligible with a prescription.

# What does the Dependent Care FSA cover?

The Dependent Care FSA can be used to cover eligible dependent care (day care) expenses for your qualified dependents that you have because you (and your spouse, if you are married) are working. **It does not cover your dependents' health care expenses** — to cover those, you must enroll in the Health Care FSA. For complete information on eligible and ineligible expenses, qualified families, and qualified dependents, refer to IRS Publication 503, *Child & Dependent Care Expenses*. The information in this section is based on 2011 tax information. Direct any tax questions you may have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice. You may reach the IRS at 1-800-TAX-1040. Calculate your contributions carefully. If your expenses are lower than you expected, or you do not request reimbursement by the claims deadline, under IRS rules you will lose all money left in your FSA. **NOTE:** Review the section “How do I get money out of my FSA?” (pp.18–19) for information about filing for your expenses and the required documentation.

## Eligible Expenses

Some dependent care expenses currently considered eligible by the IRS are:

- Payments to day care centers, nursery schools, and summer day camps. (The school or center must comply with state and local laws, serve seven or more children, and receive a fee for its services.)
- Certain schooling costs are eligible expenses if they are minimal and the main purpose is the care and well-being of your child rather than education. For example, if you take your child to a nursery school that provides lunch and a few educational activities, the total cost is eligible. For kindergarten: **(1)** if the total cost is split between education and day care, only the cost of day care is an eligible expense; **(2)** a full-day kindergarten is presumed to be primarily educational and is not eligible unless the expenses are itemized to show the child-care cost. For schooling in the first grade and higher: you must distinguish the cost of day care from the cost of education, and only the cost of day care is an eligible expense.
- Payments to individuals, excluding your dependents and your children under the age of 19, who provide care in or outside your home for eligible dependents.
- Payments to dependent care centers or elder care centers that provide day care, not residential care, for dependent adults.
- Payments for household services related to the care of a dependent.
- For a list, call the IRS at 1-800-TAX-FORM and ask for IRS Publication 503 — *Child & Dependent Care Expenses*, and IRS Publication 524 — *Credit for the Elderly or the Disabled*.
- Amounts you pay for food, clothing, and entertainment are not eligible. However, if these amounts are incident to and cannot be separated from the cost of caring for the qualified person, you may claim them.
- To be eligible, your dependent care provider must provide the information required by the IRS (this is shown on the FSA Claim Form).
- To be eligible, you must meet the requirements listed in the following section “Qualified Families.”
- To be eligible, the expense must be an out-of-pocket expense for your eligible dependents. See the following section on “Qualified Dependents.” The definition of a qualified dependent under the Dependent Care FSA is different than under a Health Care FSA, which is explained on page 6.
- You are eligible (if you otherwise qualify) to enroll in and file claims for the Dependent Care FSA even if you have a Health Savings Account (HSA). (You can only establish an

HSA if you enroll in a “High Deductible Health Plan” such as those listed in the various 2013 Guides to Benefits for career Postal Service employees.)

## Ineligible Expenses

Some expenses considered ineligible by the IRS for Dependent Care reimbursement are:

- Expenses for services received before January 1, 2013, or received after March 15, 2014, as long as you are still a participant on December 31, 2013. (See page 13 for more information on the 2-1/2 month grace period.) If you enroll after FSA Open Season, expenses before your enrollment takes effect are ineligible. If you go on extended leave without pay (see page 17) or you terminate from employment (see page 19), your participation ends and expenses after that date are ineligible and you are not eligible for the 2-1/2 month grace period, because you are not still a participant on December 31, 2013. (See page 13 for more information.) **Note:** FSA claims are processed according to the date of service, not the billing or payment date.
- Dependents' health care expenses. (These can only be covered by a Health Care FSA — see page 6.)
- Care expenses for a person who does not meet the definition of a qualified dependent.



- Payments for dependent care to your spouse, to the parent of your qualifying child under age 13, to a person whom you or your spouse can claim as a dependent, or to your child, unless he or she is age 19 or older by the end of the year.
- Payments for schooling costs unless the main purpose is the care and well-being of your child. (See the explanation in the second bullet under Eligible Expenses on page 8.)
- The cost of sending your child to an overnight camp, summer school, or for tutoring.
- Private school tuition.
- Child support payments.
- Transportation costs.

### **More information**

For information on withdrawing money from your Dependent Care FSA, refer to pages 18–19 and 22–23.

Be sure to review the information beginning on page 27 on tax laws that apply to dependent care expenses. Direct any tax questions you may have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice. You may reach the IRS at 1-800-TAX-1040.

You will be required to attach IRS Form 2441 to your tax return and include your caregiver's name, address, and tax identification number (Social Security number if an individual, employer identification number if a business).

### **Qualified Families**

To open a Dependent Care FSA:

- Both spouses must work, or
- You must work and your spouse must be a full-time student or incapable of self care and have lived with you for more than half the year, or be looking for work and have earned income during 2013, or
- You must be a single person who works and have a qualified dependent.

### **Qualified Dependents**

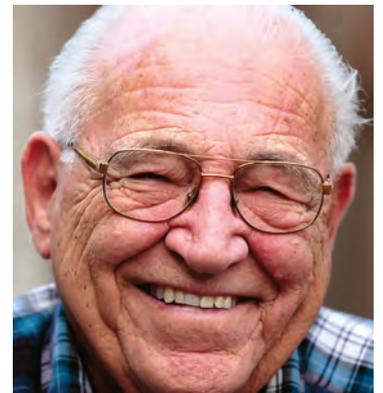
To be covered by the Dependent Care FSA, under IRS rules, costs must be for a person who qualifies under IRS rules. For your convenience, a summary follows; however, you are responsible for determining whether your dependent is qualified. Direct any tax questions you may have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice. You may reach the IRS at 1-800-TAX-1040.

- A qualifying child under age 13 whom you can claim as a dependent and who lives with you for more than half the year. If the child turns 13 during the year, the child is a qualifying person for the part of the year he or she was under age 13.
- Your spouse who is not physically or mentally able to care for himself or herself.
- Any disabled person not able to care for himself or herself whom you can claim as a dependent (or whom you would be able to claim as a dependent except that the person has gross income of \$3,700 or more, or files a joint return.)
- Any disabled person not able to care for himself or herself whom you could claim as a dependent except that you (or your spouse if filing a joint return) could be claimed as a dependent on someone else's return.
- To be a qualifying person, the qualifying child, disabled spouse, or disabled person must have lived with you for more than half of the year.
- There is a special rule for children of divorced or separated parents. Even if you cannot claim your child as a dependent, he or she is treated as a qualified dependent if:
  - The child was under age 13 or was physically or mentally not able to care for himself or herself.
  - You were the child's custodial parent (the parent with whom the child lived for the greater part of the year), and
  - The noncustodial parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents. If this special rule applies (explained in IRS Publication 503), the noncustodial parent cannot treat the child as a qualifying person.

**One of my relatives takes care of our children while we work. Is this an eligible expense?**

**Yes, as long as you or your spouse cannot claim this relative as a dependent and the relative is not under age 19.**

**For instance, if you pay your daughter for dependent care and you want to be reimbursed through your Dependent Care FSA, your daughter cannot be your dependent and she must be at least age 19 by the end of the plan year.**





**My dependents have health care expenses.**

**Can I use the Dependent Care FSA to cover these expenses?**

**No. The Dependent Care FSA cannot be used for your dependents' health care expenses.**

**For these, use the Health Care FSA.**

**The Dependent Care FSA is only for expenses such as day care.**

### **Maximum Contribution**

Your maximum contribution is \$5,000, which equals \$192.31 per pay period, if you are single, or married and file jointly. (This is prorated for enrollment after FSA Open Season — see page 5.)

You are subject to a limit of \$2,500 per year if you are married and file separately.

If your spouse also has a Dependent Care FSA, either with USPS or another employer, both of you together may not contribute more than \$5,000 in 2013.

Contributions cannot exceed the annual taxable income of the lower paid spouse, unless this spouse is a full-time student for at least 5 months a year, or is incapable of self-care. In these cases the IRS considers the spouse's income to be:

- The greater of \$250 per month or the actual monthly earned income, if you have one qualified dependent.
- The greater of \$500 per month or the actual monthly earned income, if you have more than one qualified dependent.

### **Minimum Contribution**

Your minimum contribution is \$130, which equals \$5 per pay period. (This is prorated for enrollment after FSA Open Season — see page 5.)

### **Period Covered (Plan Year)**

The Dependent Care FSA covers expenses for services received from January 1, 2013, through March 15, 2014, as long as you are still an FSA participant on December 31, 2013. See page 13 for more information on the 2-1/2 month grace period.

If you are enrolling after FSA Open Season, the beginning of the coverage period is the first day of the pay period after your enrollment is processed in *Posta/EASE* or approved by the Human Resources Shared Service Center (HRSSC). Your coverage period ends before March 15, 2014, if you go on extended leave without pay (see page 17) or terminate from employment (see page 19).

### **Withdrawal Period**

Your request to withdraw funds from your FSA may be submitted at any time after January 1, 2013, but must be received by the FSA Customer Service Center no later than September 30, 2014. If you do not meet this deadline, you will forfeit any funds remaining in your FSA. Therefore, you are encouraged to submit your FSA Claim Form during the plan year as soon as you have the necessary proof of your expenses.

### **How do I estimate my dependent care expenses?**

To estimate your expenses for 2013, start by looking at your 2012 expenses for your qualified dependents. You'll want to estimate on the low side. That's because you will forfeit any amount left in your FSA at the end of the plan year. However, as explained on page 13, there is a 2-1/2 month grace period that gives you extra time to make sure you use up your FSA contributions.



# The Limited FSA for employees enrolled in High Deductible Health Plans



If you are not covered by a High Deductible Health Plan and will not be covered by one during 2013 or 2014, there is no need to read further as this information does not apply to you.

## Who needs to read this information?

If you were covered by a High Deductible Health Plan (HDHP) during 2012, or may be covered by a High Deductible Health Plan during 2013 or 2014, it is important that you read and understand the information presented here. Direct any tax questions you may have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice. You may call the IRS at 1-800-TAX-1040.

The Federal Employees Health Benefits (FEHB) Program offers several types of health plans, such as national Fee-for-Service, Health Maintenance Organization (HMO), Point-of-Service, Consumer-Driven, and High Deductible Health Plans. These plans are listed in the various 2013 Guides to Benefits for career Postal Service employees, which are mailed to all career employees for the FEHB open season that begins November 12, 2012.

If you're not sure if you're enrolled in a High Deductible Health Plan, refer to your 2013 Guide to Benefits or your health plan brochure, or contact your health plan. As of the publication deadline for this brochure (and therefore this list is subject to change), the FEHB High Deductible Health Plans for the 2013 plan year are as follows:

High Deductible Health Plan	Self Only Code	Self & Family Code
GEHA High Deductible Health Plan — Nationwide	341	342
Mail Handlers Benefit Plan Consumer Option — Nationwide	481	482
Aetna HealthFund	224	225
Altius Health Plans	9K4	9K5
AultCare HMO	3A4	3A5
Coventry Health Care HDHP	GZ1	GZ2
Coventry Health Care of Florida	J41	J42
Coventry Health Care of Iowa	SV4	SV5
Coventry Health Care of Kansas (Kansas City) — HDHP	9H1	9H2
Health America Pennsylvania — HDHP	Y61	Y62
CareFirst BlueChoice, Inc.	B61	B62
Independent Health Assoc	QA4	QA5
KPS Health Plans	L14	L15
Take Care	KX1	KX2
UPMC Health Plan	8W4	8W5

## High Deductible Health Plans and their Health Savings Accounts

A standard feature of a High Deductible Health Plan is a Health Savings Account (HSA). When you enroll in an FEHB High Deductible Health Plan, it is typical for you to have a Health Savings Account established by your plan, and the contributions made to it can be used for out-of-pocket medical expenses. For more information about Health Savings Accounts, please refer to the section titled “High Deductible and Consumer-Driven Health Plans” in the various 2013 Guides to Benefits for career Postal Service employees and to your health plan brochure.

## Tax conflict between Health Savings Accounts and Health Care FSAs

Under IRS regulations, having both a general purpose Health Care FSA such as the USPS Health Care FSA and a Health Savings Account creates a tax conflict. Although contributions to your Health Savings Account are normally pretax contributions, the funds can be subject to federal tax if you are also enrolled in a Health Care FSA. This fact is noted in FEHB High Deductible Health Plan brochures.

If you have any tax questions, or if you want more information about your specific circumstances, contact the IRS or a tax consultant. USPS Human Resources Shared Service Center (HRSSC) representatives and FSA customer service representatives are not qualified to give tax advice, including questions related to the taxability of Health Savings Accounts.

## How you can address this situation

If you are covered by a High Deductible Health Plan and you already are enrolled in the Health Care FSA, there are two ways you can address this situation:



**1.** You can contact your health plan and advise them of your situation — instead of a Health Savings Account, they may be able to establish a Health Reimbursement Arrangement (HRA) for you, which operates somewhat differently from a Health Savings Account. Although this should avoid the tax conflict, there are some drawbacks. For example, if you end your coverage under the High Deductible Health Plan, and if you have a Health Savings Account, then the funds are still yours, but if you have a Health Reimbursement Arrangement, you may lose the money in the fund.

There may be a better choice if you were enrolled in the 2012 Health Care FSA, and you do not enroll for the 2013 Health Care FSA, and you do enroll in a High Deductible Health Plan for 2013. Contact your 2013 High Deductible Health Plan before February 1, 2013. Advise them that you have an enrollment in a general purpose Health Care FSA from January 1, 2012, through March 15, 2013 (the USPS FSA has a grace period). Ask your High Deductible Health Plan to delay making your Health Savings Account contribution until April 1, 2013, to avoid a tax conflict. If you contact your High Deductible Health Plan after they've already made a Health Savings Account contribution in 2013, then they may need to establish a Health Reimbursement Arrangement (HRA) for you instead of the Health Savings Account.

**2.** You can accept the consequences of having a taxable Health Savings Account.

If you are establishing a new Health Care FSA, however, you have a third alternative:

**3.** You can have instead a USPS Limited FSA, which is designed to avoid the tax conflict with the Health Savings Account. It can only be used to cover dental, vision, and, to the extent that they are not reimbursed under any other health plan coverage, preventive care expenses for you and your eligible dependents. It cannot be used to cover the other types of medical expenses covered by the USPS Health Care FSA — doctor visits, lab or hospital copays, deductibles, over-the-counter drugs, etc. Those expenses will need to be covered by the Health Savings Account.

### **When a Limited FSA is initiated automatically by the Postal Service**

When you are in an FEHB High Deductible Health Plan and enrolling in the Health Care FSA, the Postal Service will consider that you have made an election to enroll in the USPS Limited FSA, and therefore will enroll you in the Limited FSA, and thus avoid the tax conflict, if an automatic search of your FEHB health plan enrollment shows that you have a High Deductible Health Plan with its attendant Health Savings Account.

### **During Open Season**

If you seek to enroll in the 2013 Health Care FSA during the 2012 FSA Open Season, you will automatically be placed in a Limited FSA instead when an automatic search of the records shows that your High Deductible Health Plan with its Health Savings Account will be in tax conflict with a Health Care FSA during the 2013 calendar year, even if it will be for only a few days. That will happen in either of these cases:

- You are enrolled in an FEHB High Deductible Health Plan during the 2012 plan year, which continues until January 12, 2013. Your new Health Care FSA will take effect January 1, 2013. Because of the mismatch of the effective dates of FEHB and FSA enrollments, you would be in tax conflict beginning January 1, 2013, if you were not automatically enrolled in a Limited FSA for 2013.
- You enroll in an FEHB High Deductible Health Plan for the 2013 plan year, which will take effect January 13, 2013. Your new Health Care FSA will take effect January 1, 2013. You would be in tax conflict beginning January 14, 2013, if you were not automatically enrolled in a Limited FSA for 2013.

### **After FSA Open Season**

You are eligible to enroll in the Health Care FSA after the 2012 Open Season only if you are a newly hired employee who has completed the 26-pay period waiting period after being hired, or you have had a qualifying life event, or you enroll under belated election circumstances. If you then seek to enroll in the 2013 Health Care FSA, you will automatically be placed in the Limited FSA instead when an automatic search of the records shows that you are currently enrolled in an FEHB High Deductible Health Plan and therefore your Health Savings Account will be in tax conflict with a Health Care FSA during the 2013 calendar year.

### **When you must manage the consequences yourself**

Where the automatic search process does not surface the tax conflict, you will not be enrolled automatically in a Limited FSA. You will need to consider options 1 and 2 presented above for management of the following situations:

- You enroll in the Health Care FSA and you have had a Health Savings Account earlier during the same calendar year but it does not show up in the automatic search because of the timing of your moving from a High Deductible Health Plan to a regular plan, or you change to a High Deductible Health Plan later in the same calendar year after enrolling for a Health Care FSA.
- You are covered by a High Deductible Health Plan that is not an FEHB plan, or you are covered by an FEHB High Deductible Health Plan that is not your own. For example, you might be covered under your spouse's High Deductible Health Plan — FEHB or non-FEHB.

### **When you don't want to accept the Limited FSA**

If your Health Savings Account is converted to a Health Reimbursement Arrangement for 2013, or if you want to accept the consequences of having a taxable Health Savings Account, you may contact the HRSSC and request in writing that your Limited FSA be changed back to the Health Care FSA for 2013 (to be made effective on your FSA enrollment date). However, you must make such a request promptly so as to avoid incorrect FSA claims processing.

### **How does the USPS Limited FSA work compared to the USPS Health Care FSA?**

When you see references in this booklet or elsewhere to the Health Care FSA, you may generally understand that to refer also to the Limited FSA. That's because the Limited FSA works exactly like the Health Care FSA, as described beginning on page 6 and elsewhere in this brochure, except that the Limited FSA can be used only to cover out-of-pocket dental, vision, and, to the extent that they are not reimbursed under any other health plan coverage, preventive care expenses for you and your eligible dependents. Just like the Health Care FSA, the Limited FSA can cover only expenses that are not paid for by your medical or dental insurance plan or by any one else's plan. Expenses must be for the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and expenses can be for the costs of treatments affecting any part or function of the body.

In all other respects, such as how you file claims, the contributions you're expected to make, the operation of the Grace Period, etc., the Limited FSA works just like the Health Care FSA. And remember that if you qualify for the Grace Period from January 1, 2014, through March 15, 2014, then your claims during the Grace Period for reimbursement from funds remaining in your 2013 Limited FSA will still be subject to the Limited FSA's restrictions. **Note:** Review the section "How do I get money out of my FSA?" (pp. 18–19) for information about filing for specific expenses and the required documentation.

Since the Limited FSA works just like the Health Care FSA, except for the limited expenses that can be covered, to comply with the 2010 Patient Protection and Affordable Care Act, the Limited FSA maximum contribution has been reduced from \$5,000 to \$2,500 for the 2013 FSA. The maximum contribution of \$2,500 equals \$96.15 per pay period. (This is prorated for enrollment after FSA Open Season — see page 5.) If your spouse has a Limited FSA, either with USPS or another employer, you may each contribute up to the maximum.

**Note:** The amount you may claim from the 2013 grace period for the 2012 Limited FSA is governed by your remaining 2012 Health Care FSA funds. It is not affected by the reduction of the maximum contribution to the 2013 Health Care FSA from \$5,000 to \$2,500.

### **Health Savings Accounts and Dependent Care FSAs**

Under IRS regulations, having a Health Savings Account does not in any way affect your enrollment in a Dependent Care FSA.

# How does the FSA Grace Period give me an extra 2-1/2 months to use up my 2013 FSA contributions?

## Flexibility for FSA Participants

FSAs are “use it or lose it” — that’s the IRS rule. But the FSA Grace Period makes your FSA more flexible — it’s a way to make sure you don’t lose even a penny of your FSA contributions. The Internal Revenue Service allows a grace period of 2-1/2 months (January 1 through March 15) following each FSA plan year. The intention is to let an FSA participant with FSA funds left at the end of the plan year be reimbursed for eligible expenses for services or items received during the grace period. The grace period applies to both the Health Care FSA and the Dependent Care FSA. If you have a 2011 FSA, be sure to read the final section on this page.

## Rules for the Health Care FSA

- For the 2012 and 2013 Health Care FSA: For both the 2013 Health Care FSA and for the grace period for the 2012 Health Care FSA, over-the-counter (OTC) medicines or drugs are not eligible for reimbursement unless you have a prescription from your health care provider. (The only exception is insulin, which continues to be eligible without a prescription. Also, supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses continue to be eligible without a prescription.)
- Children who are not your dependents are qualified dependents, but only until December 31 of the year before the year in which they turn age 27. “Children” include your natural children, stepchildren, adopted children, eligible foster children, or children who are placed with you for legal adoption. **Note:** Because qualified dependent status for non-dependent children ends under this rule on December 31 of the year before the year of a child’s 27th birthday, you may only claim eligible expenses for services or items received by or for your child on or before December 31 of the year before the year of your child’s 27th birthday. This means that if you end that year with an available balance in your FSA, you may not claim expenses for that child that are incurred during the normal January 1 through March 15 grace period in the following year.

## Eligibility

The grace period is only available if you remain an FSA participant through December 31, 2013. For example, if you end your employment on December 30, 2013, or if you had eight consecutive full pay periods of leave without pay and your FSA participation ended before December 31, 2013, then the grace period is not available to you. But most 2013 FSA participants will still be participating on December 31, 2013.

## Grace Period Dates

The grace period for the 2013 FSA is from January 1, 2014, through March 15, 2014. The grace period reduces any worry when the end of the year approaches. The risk of use-it-or-lose-it is lessened because you have extra time to use up your FSA funds—an extra 2-1/2 months.

## How the Grace Period Works

During the grace period, your eligible expenses with dates of service from January 1, 2014, through March 15, 2014, can be paid from your 2013 FSA if you still have an available balance. If you don’t have

any funds left in your 2013 FSA, and you enroll during next year’s FSA open season for the 2014 FSA, then your eligible expenses will be paid from your 2014 FSA. (And there also will be a grace period for the 2014 FSA.) If your eligible expenses from the grace period are more than the funds that are left in your 2013 FSA, and you also enroll for the 2014 FSA, then your expense can be covered with a combination of 2013 and 2014 funds. If you don’t have a 2014 FSA, then your claim will be paid up to your remaining 2013 funds.

**Note:** Refer to the section about the Consumer Accounts Card or Health Care Spending Card (pp. 22–23) for information on how the FSA debit card works with the grace period.

## Example

You sign up for the 2013 Health Care FSA for \$1,500. It’s now December 1, 2013, and you’ve spent less than you planned, and you’ve only claimed \$1,000. Under the old FSA rules, you’d either have to find a way to spend the remaining \$500 on eligible health care expenses by December 31, 2013, or you would forfeit the money. That’s the use-it-or-lose-it rule that applies to all FSAs. But, because of the grace period, your FSA is more flexible. Instead of having to use up the \$500 by December 31, 2013, you have until March 15, 2014, to spend the remaining \$500 on eligible health care expenses or lose any remaining 2013 FSA funds. Of course, you do have to spend the remaining \$500 on eligible health care expenses by March 15, 2014, or you’ll forfeit the money under the use-it-or-lose-it rule. (Remember, to qualify for the grace period, you must still be a participant on December 31, 2013.)

## FSA Claim Form

To assist you in submitting your claims during the grace period, follow these simple guidelines:

1. The FSA Claim Form has a box in Part 2 — Health Care Expenses and in Part 3 — Dependent Care Expenses that says “Process only from current year funds.”
- If you reenroll during the November 2013 FSA Open Season for the 2014 FSA, and
- You check this box when you file your claim,
- Then eligible expenses with dates of service from January 1, 2014, through March 15, 2014, will be paid out of your 2014 FSA balance even if you still have funds left in your 2013 FSA.

Why would you want to have expenses paid from your 2014 FSA when you still have funds left in your 2013 FSA? You might want to if you’re still waiting to claim eligible expenses dating from January 1, 2013–December 31, 2013, since these can only be paid from your 2013 FSA. For example, if you went to the doctor on December 20, 2013, you might still be waiting for an Explanation of Benefits from your health plan. Therefore, you might not want to have a January 15, 2014, dentist visit paid out of your 2013 FSA, because you’d want to keep your 2013 funds available to pay for your December 20 doctor visit. Otherwise, it’s better to use up any remaining 2013 funds as explained in #2.

2. If you don’t check the “Process only from current year funds” box, or if you don’t enroll for the 2014 FSA, then:

- Your eligible expenses will automatically be paid out of your 2013 FSA if funds are available, so that you use up your 2013 FSA balance.
- If 2013 funds are not available, and you reenroll for the 2014 FSA, your eligible expenses will be paid from your 2014 FSA.
- If 2013 funds are not available, and you don’t reenroll for the 2014 FSA, then the claims will not be paid, since this means you’ve already claimed your maximum from 2013 and you aren’t participating in 2014.

## When Your FSA Contributions Are Withheld

Your 2013 FSA contributions will still be withheld from your pay from Pay Period (PP) 01-2013 through PP 26-2013, even though the grace period means you have an extra 2-1/2 months to use up your 2013 contributions. (If your enrollment is effective after January 1, 2013, then your contributions begin later than PP 01-2013. If your participation ends earlier than December 31, 2012, then your contributions may end before PP 26-2013.)

## Deadline for Filing 2013 FSA Claims

The FSA Customer Service Center must receive all claims for the 2013 FSA, including claims for services received during the grace period, by September 30, 2014.

## Questions?

If you have questions about your FSA or the grace period, call the FSA Customer Service Center at 1-800-842-2026.

## Spend Every Penny You Contribute

A Flexible Spending Account lets you keep more of the dollars you earn because your contributions are tax-free. With the grace period, you have more time to spend your contributions, giving you added peace of mind and an opportunity make sure you spend every penny that you contribute and get the most out of your FSA.

## Is there also an FSA Grace Period of 2-1/2 months for my 2012 FSA contributions?

Yes. If you enrolled in the 2012 FSA, then your grace period is from January 1, 2013, through March 15, 2013. The rules for the 2012 FSA grace period are exactly the same as for the 2013 FSA grace period, except for it being 1 year earlier. You must be an FSA participant on December 31, 2012, to be eligible for the grace period. If you are, then eligible expenses you have for services or items received from January 1, 2013, through March 15, 2013, can be paid from your 2012 FSA if you still have funds available. You must spend your 2012 FSA contributions by March 15, 2013, and the FSA Customer Service Center must receive your claims by September 30, 2013, or you’ll forfeit the money under the IRS use-it-or-lose-it rule. **Note:** The amount you may claim from the 2013 grace period for the 2012 Health Care FSA is governed by your remaining 2012 Health Care FSA funds. It is not affected by the reduction of the maximum contribution to the 2013 Health Care FSA from \$5,000 to \$2,500.

# How do qualifying life events let me enroll or change my contribution level?

For the answers, just read the information on pages 14 and 15.

## List of qualifying life events

- 1.** You marry (including a valid common law marriage, in accordance with applicable state law), divorce, legally separate, or your marriage is annulled.
- 2.** You add a qualified dependent (for example, by birth, or you adopt a child, or your dependent now satisfies eligibility requirements).
- 3.** You lose a qualified dependent (for example, by death, or your child is placed for adoption, or your dependent now ceases to satisfy eligibility requirements).
- 4.** You, your spouse, or your dependent has a change in work site making that person eligible or ineligible for a benefit plan, or a change in residence making that person ineligible for a benefit plan.
- 5.** Your spouse or your dependent starts or ends employment, or an unpaid leave of absence, or a strike or lockout; or has a change in employment status making that person eligible or ineligible for a benefit plan.
- 6.** A court order, judgment, or decree (resulting from a change in marital status or legal custody) requires you to begin providing coverage for your child or requires another person to do so.
- 7.** You, your spouse, or your dependent becomes or ceases to be eligible for Medicare, Medicaid, or TRICARE.
- 8.** For the Dependent Care FSA *only*, you change dependent care providers, or your cost for dependent care changes *and* the provider is not your relative.

**Note:** If you begin or end a period of military leave, #4 and #7 above may apply.

## Enrolling after FSA Open Season

If you were already eligible to enroll during FSA Open Season and you did not enroll, you may still enroll during 2013 if you have a qualifying life event and enrollment would be in keeping with the change. For example, if you have a new baby during 2013, it would be in keeping for you to enroll for both the Health Care FSA and the Dependent Care FSA, since there could be increased out-of-pocket health care expenses for the baby and a need for day care. Refer to the list of changes on this page.

If you are enrolling for the first time in 2013 (not changing your contribution level) following a qualifying life event, the following requirements apply. Your enrollment must be in keeping with the qualifying life event. You must contact the Human Resources Shared Service Center (HRSSC) and enroll within 60 days after having the qualifying life event by completing and submitting the FSA *PostalEASE* Worksheet, which includes a name, EIN, date, and signature block ONLY for use when you have a qualifying life event and/or as instructed by the HRSSC, along with any supporting documentation that may be required by the HRSSC to: **HR Shared Service Center, Attn: FSA/QLE, PO Box 970400, Greensboro NC 27497-0400**. You must be otherwise eligible to enroll. Your enrollment takes effect the first day of the pay period following the pay period your enrollment is approved by the HRSSC. The maximum and minimum amounts you may contribute are reduced on a prorated basis for the number of pay periods remaining in the plan year. If you have a subsequent qualifying life event, you may increase or decrease your contribution level under the same process as any other FSA participant as described here.

## Changing your contribution level

For either the Health Care or Dependent Care FSA, once you set your contribution level at enrollment, it cannot be changed unless you have a qualifying life event. You may only change your contribution level after you enroll by following the rules in “Making a Change” below after you have one of the qualifying life events.

### Making a Change

- You have 60 days after a qualifying life event to request a change to your contribution level. To make a change, contact the Human Resources Shared Service Center (HRSSC). Then, complete and submit the FSA *PostalEASE* Worksheet, which includes a name, EIN, date, and signature block ONLY for use when you have a qualifying life event and/or as instructed by the HRSSC, along with any supporting documentation that may be required by the HRSSC, within the 60-day limit to: **HR Shared Service Center, Attn: FSA/QLE, PO Box 970400, Greensboro NC 27497-0400**. If you are making a change, the contribution level amount you write on the enrollment form should be the new total amount you want to contribute for the entire plan year (not just the amount for the rest of the plan year).
- Contribution level changes you request must be in keeping with your qualifying life event. For instance, if you have a new baby, you would generally ask for a higher contribution level, not a lower one. The HRSSC will review your request and may ask for proof of your qualifying life event.
- Your FSA contribution level change takes effect the first day of the pay period following the pay period your election to make a change is approved by the HRSSC.
- If you want to increase your Health Care FSA contribution level, make sure you read and understand the special note about this on page 15.

# FSA

**QUESTIONS • Call the FSA Customer Service Center at: 1-800-842-2026**

**Increases:** When you have a qualifying life event, you may increase your contribution level up to the annual plan maximum at any time during 2013. (This is \$2,500 for the Health Care FSA and \$5,000 for the Dependent Care FSA.) But be careful — the unpaid balance of your new contribution level will be collected during the pay periods that remain during the year.

For example, during FSA Open Season you elected to contribute \$1,300 to the Health Care FSA, so your pay period contribution amount was set at \$50. In October 2013, you have a qualifying life event and you elect to increase your Health Care FSA contribution level from \$1,300 to \$2,500. By October, you have contributed \$50 each pay period for 20 pay periods. This means you have paid in \$1,000 of your original \$1,300 contribution level. After your qualifying life event, since you have increased your contribution level to \$2,500, you must contribute \$1,500 by the end of the year. This amount of \$1,500 is equal to \$2,500 (the new contribution level) minus \$1,000 (the amount you have contributed to date). Since you must contribute \$1,500 by the end of the year, with only 6 pay periods remaining you will have to contribute \$250 each pay period, instead of your original \$50 pay period contribution.

If you increase your Health Care FSA amount, you can only be reimbursed up to your original contribution level for expenses that you incurred before the effective date of your contribution level increase. (This is the first day of the pay period following the pay period your election to make a change is approved.) After that, the full increased amount is available.

However, a new Dependent Care FSA contribution level is available for eligible expenses incurred at any time during the plan year.

**Decreases:** When you have a qualifying life event, you may decrease your contribution level no lower than either the amount you have already paid in plus any contributions you have missed paying because of low pay or leave without pay, or the amount you have claimed, whichever is higher. (Of course, decreasing your contribution level must be in keeping with your qualifying life event.) Your decreased contribution amount will automatically be adjusted upward by the HR Shared Service Center to the minimum if you elect a decreased amount that is lower than the minimum permitted amount as described here. Your described contribution amount will automatically be adjusted upward as needed to reflect claims that were in processing when your election of a decrease was processed.

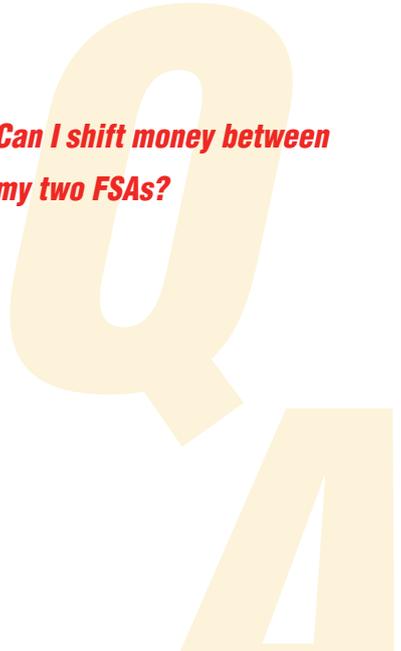
**Change in Position:** If you transfer from a bargaining-unit position to a nonbargaining-unit position, or vice versa, your FSA enrollment and contribution level choice is unaffected. In other words, you can neither increase nor decrease your contribution amount just because you have changed your position.

### ***Can I change my contribution level if I find I am putting too little or too much aside?***

No. If you have fewer or more expenses than you expected, IRS rules do not permit you to change your contribution level unless you have a qualifying life event. You must complete your pledged contributions for the plan year.



## ***Can I shift money between my two FSAs?***



***No. That's why you must exercise care in estimating your health care expenses for your Health Care FSA and your dependent (day) care expenses for your Dependent Care FSA.***



# Changes for 2013 and Key Points

Although this page presents some important points for your convenience, you are still responsible to read and understand this FSA brochure before you enroll.

## CHANGES FOR 2013

### Overall Program Changes

If you wish, you may select one or two authorized users to have access to your FSA information. When you enroll, you'll simply enter the last 4 digits of each authorized user's Social Security number. (You are not required to identify anyone if you don't want an authorized user.)

The introduction to "What tax laws apply to expenses covered by FSAs?" now notes that tax provisions are always subject to change, and this section simply presents tax information as of the date of publication for the tax year that is referenced.

### Health Care FSA Changes

In order to comply with the 2010 Patient Protection and Affordable Care Act, the Health Care FSA maximum contribution has been reduced from \$5,000 to \$2,500 for the 2013 FSA. The maximum contribution of \$2,500 equals \$96.15 per pay period. (This is prorated for enrollment after FSA Open Season — see page 5.) If your spouse has a Health Care FSA, either with USPS or another employer, you may each contribute up to the maximum.

**Note:** The amount you may claim from the 2013 grace period for the 2012 Health Care FSA is governed by your remaining 2012 Health Care FSA funds. It is not affected by the reduction of the maximum contribution to the 2013 Health Care FSA from \$5,000 to \$2,500.

### Limited FSA Changes

Since the Limited FSA works just like the Health Care FSA, except for the limited expenses that can be covered, to comply with the 2010 Patient Protection and Affordable Care Act, the Limited FSA maximum contribution has been reduced from \$5,000 to \$2,500 for the 2013 FSA. The maximum contribution of \$2,500 equals \$96.15 per pay period. (This

is prorated for enrollment after FSA Open Season — see page 5.) If your spouse has a Limited FSA, either with USPS or another employer, you may each contribute up to the maximum.

**Note:** The amount you may claim from the 2013 grace period for the 2012 Limited FSA is governed by your remaining 2012 Limited FSA funds. It is not affected by the reduction of the maximum contribution to the 2013 Limited FSA from \$5,000 to \$2,500.

### Dependent Care FSA Changes

None.

## KEY POINTS FSA Account Types

- The Health Care FSA is for out-of-pocket health care expenses for you and your dependents. It cannot be used for health insurance premiums or dependent care (day care) expenses.
- The Dependent Care FSA is for dependent care (day care) expenses for your dependents. **It cannot be used for your dependents' health care expenses** — for these, use the Health Care FSA.

### Enrollments

- If you are enrolled in the 2012 FSA and you want to participate in 2013, you must reenroll.
- If you do not want to enroll in the 2013 FSA, do nothing.
- You cannot change your FSA contribution level once you have enrolled, except following a qualifying life event — see the details beginning on page 14.
- You will forfeit any unclaimed contributions that remain in your 2013 account after the deadline for submitting claims ends on September 30, 2014.
- During FSA Open Season, to enroll just follow the instructions on the worksheet to the right. The dollar amounts you select are for your total contributions in Pay Periods 1 through 26 of 2013, not for just a single

pay period. You may only cover eligible expenses for services received during your period of participation, which is from January 1, 2013, through March 15, 2014, as long as you are still a participant on December 31, 2013. See page 13 for more information on the 2-1/2 month FSA grace period. (Your period of participation ends earlier than March 15, 2014, if you go on extended leave without pay or terminate employment. See pages 17 and 19 for details.)

- After FSA Open Season: **(1)** to enroll following a qualifying life event, contact the Human Resources Shared Service Center (HRSSC) for assistance. **(2)** to enroll as a newly eligible employee, just follow the instructions on the worksheet to the right. The dollar amounts you select are for your total contributions from the first pay period after you enroll through Pay Period 26 of 2013. You may only cover eligible expenses for services or items received during your period of participation, which is from the first day of the first pay period of your enrollment through March 15, 2014, as long as you are still a participant on December 31, 2013. See page 13 for more information on the 2-1/2 month FSA grace period. Your period of participation ends earlier than March 15, 2013, if you go on extended leave without pay or terminate employment. See pages 17 and 19 for details.



## What happens if my pay goes down?

### **What happens to my FSA if I can't afford FSA contributions any more?**

If you are unable to make your full contribution in a pay period because you don't have enough money in your paycheck, you still continue participating in the FSA program. During the time you have too little earnings, the USPS will withhold as much of your pledged contribution as is available. When you are able, you will be required to make up any contributions missed as described below.

### **What happens to my FSA if I go on Leave Without Pay (LWOP)?**

You must continue participating in the FSA Program for as long as eight consecutive full pay periods of LWOP, or until the end of the plan year, whichever comes first. This means that any eligible expenses you incur can still be paid through your FSA and that you will be required to make up any contributions missed.

If your LWOP lasts eight consecutive full pay periods, then on the first day of the ninth pay period, your FSA participation ends. From this date on, expenses you incur cannot be paid through your FSA. And from this date on, you do not owe any new FSA contributions. (Of course, you still are required to make up any contributions you missed before your FSA participation ended.)

Once your FSA participation ends, you cannot enroll again during the same plan year. During the next FSA Open Season, you may enroll for the following plan year. (However, you will not be able to enroll during FSA Open Season if at that time you have been on LWOP for eight consecutive full pay periods.)

**Note:** If your FSA participation ends because you enter a period of uniformed military service and therefore have eight consecutive full pay periods of LWOP, you may enroll again upon returning from that service. If you do enroll again, your enrollment will begin the first day of the pay period after it is approved by the Human Resources Shared Service Center (HRSSC). For the new period of enrollment, you will only be able to cover expenses for eligible services or items you receive on or after that date. The maximum and minimum amounts you may contribute will be prorated for the number of pay periods left in the year.

### **If I miss contributions because of low pay or LWOP, do I have to make them up?**

Yes. When you return to full pay status after LWOP or a time of low pay, your biweekly contributions increase. The increase is figured by dividing the balance of your annual pledged amount by the number of pay periods left in the plan year. The increase will not exceed 10% of your gross income per pay period.

If you owe Health Care FSA or Dependent Care FSA contributions at the end of the plan year, this amount becomes a debt and will be collected (on an after-tax basis) under debt collection rules.

The collection of FSA contributions (including the collection of missed contributions) relates strictly to the amount of the contributions you were scheduled to make each pay period while you were an FSA participant. What you actually claim, whether it is more or less than what you were scheduled to contribute each pay period while you were an FSA participant, does not affect what you must pay in contributions.

If you missed contributions you were scheduled to make from your paychecks because you were on LWOP or had low pay, you must make up the missed contributions. If you missed contributions, you cannot reduce what you owe by not filing claims.



**Where can I get more information about changing my FSA contribution?**

**Just call the FSA Customer Service Center at 1-800-842-2026, or contact the Human Resources Shared Service Center (HRSSC).**



# How do I get money out of my FSA?

To withdraw money from your FSA, here's what you need to know:

**1. Submit a form** — Just complete an FSA Claim Form (your first one is included in the center of this brochure) and mail or fax it to the FSA Customer Service Center along with the proof of expenses described in “2” below. Please make sure to sign it and follow the instructions carefully. You will receive a new FSA Claim Form along with your payment, or you may get a form from <https://liteblue.usps.gov> or from the Postal Service Intranet (Blue) or from the Human Resources Shared Service Center (HRSSC) or from [www.myuhc.com](http://www.myuhc.com).

**2. Send proof of expenses — Health Care FSA.** For out-of-pocket expenses for health care services or items received during the plan year, send your insurer's Explanation of Benefits (EOB), which shows what your insurer paid and what you must pay.

- If your insurer does not make a payment because an expense is being applied toward your annual deductible, this will be noted on the EOB — just send the EOB.
- If you do not receive a payment from your insurer because an expense is not covered under your insurance plan, send the EOB if available. If your EOB says that your dental or medical claim has been denied, and it does not describe the service or item in detail, also include an itemized statement from your dental or medical provider that includes the name and address of the provider, the dollar amount charged, the date of service, the patient's name, and the type of service. This way, the FSA Customer Service Center knows the item or service was not denied by your insurance company because it was a cosmetic item or service (which cannot be paid through your FSA).
- If an expense is not covered by your insurance plan, and if the EOB is not available, send an itemized statement that includes: date service or item received, provider's name and address, patient's name, fee, type of service or item provided and write 'not covered by insurance' on the bill.
- If you have an expense for over-the-counter supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses, or for insulin, you must submit a receipt. The receipt must include the name of the over-the-counter item, the price, and the date of purchase. Handwritten over-the-counter item names on register receipts are unacceptable. The name of the item(s) and price(s) must be circled on the receipt. Receipts should be taped to a standard 8.5 x 11 inch piece of paper and must be legible when scanned.

- If you have an expense for an over-the-counter drug or medicine, you must include a prescription from your health care provider, and a receipt that shows name of the over-the-counter drug or medicine, the price, and the date of purchase. Handwritten over-the-counter item names on register receipts are unacceptable. The name of the item(s) and price(s) must be circled on the receipt. Receipts should be taped to a standard 8.5 x 11 inch piece of paper and must be legible when scanned. You do not need a prescription to be reimbursed for insulin.
- If you have an expense for prescription drugs, include a receipt that shows the prescription name or NDC#, the date the prescription was filled, the patient name, and the out-of-pocket cost. This information is usually found on the prescription tags provided by the pharmacy.
- **Note:** Under the FSA, you cannot claim the portion of an expense that is covered by *any* insurance plan.
- For certain services or items, you may be required to provide a letter of medical necessity from your health care provider to meet IRS requirements. Your health care provider must certify that the services or items are medically necessary, indicate the specific diagnosis, the specific treatment needed, the length of the treatment, and how this treatment will alleviate the medical condition. If you submit a claim that requires this documentation and you have not provided it, the FSA Customer Service Center will request it from you.

**Dependent Care FSA.** For out-of-pocket expenses for eligible dependent care services received during your FSA period of participation:

- **You must complete** the following information under “Dependent Care Expenses” on the Withdrawal Request form:
  - Dependent's name
  - Date(s) of service
  - Dependent's date of birth
  - Type of service
  - Request amount.
- **You must attach a receipt** from your dependent care provider that shows:
  - Date(s) of service
  - Cost of the service
  - Type of service
- **The dependent care provider must complete** the “Dependent Care Provider's Certification of Services Rendered” on the FSA Claim Form. The provider does not have to complete the certification if the receipt you attach includes the following information completed by the dependent care provider:
  - Company name or signee name
  - Address
  - Employer Identification number or Social Security number
  - Signature

- At tax time, you must write your dependent care provider's Employer Identification number or Social Security number on IRS Form 2441 and include it with your tax return.

**3. Your claim is processed** — Normally you will receive a check or a response within three weeks from the date you mail or fax your claim.

**4. Filing deadline** — You have until September 30, 2014, for the FSA Customer Service Center to receive your claim.

**5. Stay within your limits** — The amount of withdrawals from your FSA cannot exceed the annual amount for which you enrolled. If you mistakenly claim more than you pledged, the FSA Customer Service Center will simply notify you that you have exceeded your limit.

## What withdrawal rules apply to Health Care FSAs?

### FSA Grace Period

As long as you are still an FSA participant on December 31, 2013, and if you haven't had enough expenses to use up your 2013 FSA contributions, then you have a 2-1/2 month grace period, from January 1, 2014, through March 15, 2014, to purchase eligible items or services and have them paid from your 2013 FSA. This way, you can make sure you don't lose any 2013 FSA contributions. See page 13 for more information.

### Over-the-counter drugs and medicines

For both the 2013 Health Care FSA and for the grace period for the 2012 Health Care FSA, over-the-counter (OTC) medicines or drugs are not eligible for reimbursement unless you have a prescription from your health care provider. (The only exception is insulin, which continues to be eligible without a prescription. Also, supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses continue to be eligible without a prescription.)

### Prescription drugs

For prescription drugs, in determining whether the prescription is within the FSA participation period, note that the service is incurred when the prescription is filled by the pharmacist, or per the date of service indicated on the receipt if the fill date is not included. To be on the safe side, you may wish to ensure that you both have the prescription filled and pick up the prescription within your FSA period of participation.

### Glasses and Contacts

For glasses, contacts, etc., the date the item is delivered to you is usually considered to be the date the item was received. However, sometimes the paperwork from the provider may show the date the commitment to create the glasses or contacts was made, and then that will be considered to be the date the item was received. To be on the safe side, you may wish to ensure that you both place the order for the glasses or contacts and receive the glasses or contacts within your FSA period of participation.

## Bills in Excess of Your Present Account Balance

You may make withdrawals in excess of money actually held in your Health Care FSA (but not exceeding the annual amount for which you enrolled). For example, if you enrolled for an annual contribution of \$2,500 and submit a bill for \$2,500 of eligible expenses in February, you will be paid for the entire amount, even though your account balance will be much less than \$2,500 at that time. You can use the Consumer Accounts Card or Health Care Spending Card for some expenses. See page 22.

## Advance Billing Beyond the Current Plan Year

In cases where your doctor charges a single fee in advance to cover services or items delivered over several months, you're only eligible to be paid for services or items received in the current plan year. For instance, in September 2013, your doctor asks you to pay \$900 for nine prenatal visits — three during 2013 and six in 2014. Since you make three prenatal visits in 2013, at a cost of \$300, you can only request payment of \$300 (to cover those visits) from your 2013 FSA. To be paid for the \$600 balance, you must reenroll for 2014 and then submit your Claim Form. However, you may be able to cover certain 2014 expenses under your 2013 FSA — read about the FSA Grace Period on page 13.

## Special Provision for Filing Claims for Orthodontics Expenses

Because orthodontic billing practices vary, there is flexibility in how you file for coverage of your orthodontic expenses. (This does not apply to other Health Care FSA expenses.) You can file for reimbursement of orthodontics expenses based on **(1)** when items and services are actually provided, or **(2)** according to a monthly payment schedule provided payments have been made in advance in order to receive the services, or **(3)** you can have your expenses reimbursed upon your proof of payment. This means that you may be reimbursed regardless of the actual date the item or service is provided, but **the services or items must be provided within your FSA period of participation.** For example, some orthodontists may offer a discount in January if you pay for services for the year up front, rather than making monthly payments. Whichever method you choose for filing claims, you must have appropriate documentation from your orthodontist as required on the FSA Claim Form.

You will have to provide documentation of when the items or services were provided. For example, if you pay your orthodontist in December 2012 for services that are provided in March 2013, you will have to provide documentation showing that the services were provided in March 2013. Just call the FSA Customer Service Center at **1-800-842-2026** if you need more information.



## What withdrawal rules apply to Dependent Care FSAs?

### FSA Grace Period

As long as you are still an FSA participant on December 31, 2013, and if you haven't had enough expenses to use up your 2012 FSA contributions, then you have a 2-1/2 month grace period, from January 1, 2014, through March 15, 2014, to purchase eligible services and have them paid from your 2013 FSA. This way, you can make sure you don't lose any 2013 FSA contributions. See page 13 for more information.

## Bills in Excess of Your Present Account Balance

You may make withdrawals in excess of the money actually held in your Dependent Care FSA (but not exceeding the annual amount for which you enrolled). For example, if you enrolled for an annual contribution of \$5,000 and submit a bill for \$1,000 of eligible expenses in February, you will be paid for the entire amount, even though your account balance will be much less than \$1,000 at that time.

## What do I do if my dependent care provider doesn't give me a bill or receipt?

In order to comply with IRS rules, you must provide the information listed on the previous page to be reimbursed for Dependent Care expenses.

## What happens if services or items are provided in one plan year, but I don't get a bill until the next year?

You will be paid from the FSA for the plan year in which the services or items were actually provided. For example, you receive medical treatment for a broken arm in December 2013, and are billed for it in April 2014. Your 2013 FSA would cover this expense, since the service was provided during the plan year, in December 2013. (Just remember to submit your Withdrawal Request so it is received by the deadline — September 30, 2014.)

## Can I get payment if I retire, resign, transfer, or otherwise terminate from employment?

You may request payment only for the expenses of services or items received up to and including your termination date. Any services or items received after that date are not eligible for payment. (Your deadline for submitting FSA claims does not change — they still will be processed if they are received by September 30, 2014.) However, if you terminate employment on December 31, 2013, you are eligible for the FSA Grace Period - see page 13. You cannot continue your FSA coverage after you separate.

## What will I owe if I retire, resign, transfer, or otherwise terminate from employment?

If you are enrolled in FSA, you must pay a full pay period contribution for any pay period during which you are on Postal Service rolls. If you are on Postal Service rolls even for only the first day of a pay period, you will still have to pay your full FSA contribution for that pay period. (The payroll system does not prorate your FSA contribution.)

The collection of FSA contributions (including the collection of missed contributions) relates strictly to the amount of the contributions you were scheduled to make each pay period while you were an FSA participant. What you actually claim, whether it is more or less than what you were scheduled to contribute each pay period while you were an FSA participant, does not affect what you must pay in contributions.

If you missed contributions you were scheduled to make from your paychecks because you were on Leave Without Pay (LWOP) or had low pay, you must make up the missed contributions. If you missed contributions, you cannot reduce what you owe by not filing claims. These rules apply to any type of separation, including a disability retirement or a death in service.



# How can employees activated for military duty for 180 days or more elect a taxable refund of their unused Health Care FSA contributions under the HEART Act?

## ***The Heroes Earnings Assistance and Relief Tax (HEART) Act***

The HEART Act (Public Law No. 110-245) allows qualified reservists as explained below to receive a taxable refund (called a qualified reservist distribution) of their unused Health Care FSA contributions. The Postal Service has adopted provisions of the HEART Act for the Health Care FSA. (Employees who have a **Limited FSA** are also eligible for the HEART Act provisions under the same rules that apply to the Health Care FSA and may follow the procedures explained here.)

## ***Eligibility to request a taxable refund of unused Health Care FSA contributions under the HEART Act***

You may file a HEART request for a taxable refund if you are:

- Enrolled in the Health Care FSA, and
- A member of the Army National Guard, Air National Guard, Army Reserve, Navy Reserve, Marine Corps Reserve, Air Force Reserve, Coast Guard Reserve or Reserve Corps of the Public Health Service, and
- **Called to active duty for a period of 180 days or more, or for an indefinite period of time;** if you are called to active duty for less than 180 days, and your orders are supplemented by one or more calls to duty that increase the period to 180 days or more, you qualify; the orders are what qualify you and you are not disqualified if your actual active duty period turns out to be less than 180 days; and
- You make your request and provide the required orders no later than your last day of participation in the Health Care FSA for which you are making the request.

**No other employees can request a refund of Health Care FSA contributions** as this is not allowed under IRS rules except for employees activated for military service as described here. No taxable refunds are allowed for any employee from the Dependent Care FSA, even employees activated for military service.

## ***How much can I have refunded from my Health Care FSA?***

If you submit a valid HEART request to the HR Shared Service Center with the required orders, it will be forwarded to United Healthcare, the FSA administrator. (Please note that the FSA Customer Service Center will not be able to provide information about your HEART request.) When United Healthcare receives your HEART request, they will finalize any health care claims that are being processed. Then, they will determine the FSA contributions you have actually paid from your pay to date, subtract the claims that have been paid to date, and forward the balance to USPS Payroll for processing as a taxable refund.

### **Example**

1. You sign up for a 2013 Health Care FSA in the amount of \$2,500, with contributions set at \$96 per pay period.
2. You submit a valid HEART request to the HR Shared Service Center.
3. At the time that United Healthcare receives your request, you have had 10 contributions withheld from your pay, for a total of \$962 in contributions made. All of your claims are processed and the total claims paid are \$600.
4. United Healthcare will freeze your 2013 Health Care FSA and no more claims will be paid from it. They will also advise USPS Payroll to issue a refund of \$362.
5. Assume that by the time USPS Payroll receives your request one more contribution of \$96 has been withheld from your pay.
6. USPS Payroll will issue a taxable refund of \$266. You will not receive a total of \$266, because that amount will be reduced by federal income tax, Medicare tax, Social Security tax (for FERS and CSRS Offset employees) and state and local income taxes (if applicable). For this reason, you may wish to claim all eligible expenses from your Health Care FSA before filing a HEART refund request, because paid claims are not subject to tax.
7. USPS Payroll will not collect any arrears that may be due for FSA contributions that you missed because of low pay or leave without pay, as would otherwise normally be the case.



If your HEART request is approved and you receive a taxable refund, and you later have a pay adjustment that reduces the amount you have contributed to the Health Care FSA, then you will be invoiced for the reduced FSA contributions.

If you have already received more in Health Care FSA paid claims than you have contributed to your Health Care FSA when United Healthcare receives your HEART request, then your HEART request will not be approved and you will not receive a taxable refund as there will not be any contributions to refund. If you later have made more contributions than you have received in claims and otherwise meet the requirements for a HEART request, then you can make a new request.

## Requirements for making a HEART request

1. You **must** have qualifying orders and you must provide a copy of those orders to the HR Shared Service Center. The orders must show that you were or are being **called to active duty for a period of 180 days or more, or for an indefinite period of time**. If you are called to active duty for less than 180 days, and your orders are supplemented by one or more calls to duty that increase the period to 180 days or more, you qualify. The orders are what qualify you and you are not disqualified if your actual active duty period turns out to be less than 180 days.

2. The orders must show that you are a member of the Army National Guard, Air National Guard, Army Reserve, Navy Reserve, Marine Corps Reserve, Air Force Reserve, Coast Guard Reserve or Reserve Corps of the Public Health Service.

3A. If you want to make a HEART request for the 2013 Health Care FSA, the orders must include a date during which you are participating in the 2013 Health Care FSA. If you enroll in the 2013 Health Care FSA during the Nov. 2012 FSA open season, the beginning date of your participation is January 1, 2013. If you enroll after FSA open season, either as a newly eligible employee, or following a qualifying life event, or through a belated election, the beginning date of your participation will be later. The ending date of your participation in the 2013 Health Care FSA will be March 15, 2014, assuming that you are still a participant on December 31, 2013. If you end employment with the Postal Service, or have eight consecutive pay periods of leave without pay, your participation in the 2013 Health Care FSA will end earlier.

3B. If you want to make a HEART request for the 2012 Health Care FSA, the orders must include a date from January 1, 2012, through March 15, 2013, and you must be eligible for the 2012 grace period. The beginning date for purposes of making a HEART request is January 1, 2012. If you enrolled in the 2012 Health Care FSA, and you were still a participant on December 31, 2012, the ending date of your participation in the 2012 Health Care FSA is March 15, 2013, because you are covered by the 2-½ month grace period for the 2012 Health Care FSA. If you ended employment with the Postal Service, or had eight consecutive pay periods of leave without pay, your participation in the 2012 Health Care FSA ends earlier.

4. You make your request and provide the required orders no later than your last day of participation in the Health Care FSA for which you are making the request.



### How to make a HEART request

Make sure you meet requirements 1, 2, and either 3A or 3B (or both 3A and 3B) and 4, and that you have a copy of your orders. Then call 1-877-477-3273, select 5 for the HR Shared Service Center, and select Benefits (TTY 1-866-260-7505.) The HR Shared Service Center will request a copy of your orders and after review, if you are eligible, they will mail a form to you to complete and mail back to them.

Once you have made a HEART request, you cannot change your decision — if it is approved, your Health Care FSA cannot be unfrozen and your taxable refund cannot be reversed.

**Note:** You may only have one HEART request approved per FSA Health Care plan year. Once you have had a HEART request approved, you cannot reenroll in the Health Care FSA for that plan year.

### How will I receive my taxable refund and how will it be reported to the IRS?

You will receive your refund in your pay as taxable wages. The refund will be reported on your W-2 as taxable wages for the year in which you received the refund.

### Can I submit eligible claims after having my HEART request approved?

**No.** Once you make a HEART request, if it is approved you cannot file any more claims for that year's Health Care FSA, even if later you do have eligible expenses.

### Will Health Care FSA contributions continue to come out of my pay after my HEART request is approved?

**No.** Once you make a HEART request, if it is approved, you will no longer have Health Care FSA contributions for that plan year deducted from your pay. Also, if your HEART request is approved, you will not have to make up any missed Health Care FSA contributions for that plan year, as would otherwise normally be the case.

### Can I re-enroll in the Health Care FSA after my HEART request is approved?

**No.** Once you make a HEART request, if it is approved, you cannot re-enroll in that year's Health Care FSA. You can enroll for the next year's Health Care FSA during the FSA open season or following a qualifying life event provided you meet the normal eligibility requirements for participating.

### I'm not being called to active duty, but I would like to receive a taxable refund of contributions from my Health Care FSA. Can I do this?

**No.** The Internal Revenue Service only allows this taxable distribution for employees who are going on active military duty and who otherwise meet the requirements as a Qualified Reservist as explained above.



# The Consumer Accounts Card or Health Care Spending Card – paperless reimbursement

*UnitedHealthcare has been replacing the blue Consumer Accounts Card with the white Health Care Spending Card. Both cards work exactly the same and may be used for certain expenses as described below for the Health Care FSA and the Dependent Care FSA. The FSA Consumer Accounts Card or Health Care Spending Card® Debit MasterCard® is a convenient way to be reimbursed from your Health Care FSA and your Dependent Care FSA for some (but not all) of your purchases that are eligible expenses. Whenever you use the Card, you pay on the spot for what you're buying, and the money comes out of your FSA immediately. The transaction is paperless — you won't have to file a Claim Form. There are no fees or interest charges associated with using your Card.*



If you currently have a Consumer Accounts Card or Health Care Spending Card, you can use it through Dec. 31, 2012. If you reenroll in the 2013 FSA, you will be able to resume using your Card in early January 2013 — you won't be able to use it until the FSA administrator receives the 2013 FSA open season enrollment file from the Postal Service and processes it, which does not happen exactly on January 1. Please note that each Card has an expiration date and you will receive a new Health Care Spending Card prior to the expiration date. You cannot use the Card if you terminate from employment with the Postal Service.

If you have not already received a Consumer Accounts Card or Health Care Spending Card (for example, if you're participating in FSAs for the first time), then early in 2013, you will automatically receive a Health Care Spending Card in the mail from the FSA Customer Service Center. The Card does not have a Postal Service logo on it. It says "UnitedHealthcare Health Care Spending Card" and has the MasterCard logo on it, since it operates over the MasterCard network. It's your choice whether to activate and use the Health Care Spending Card you receive. (If you do not wish to use it, just destroy it — you can continue to file FSA claims via mail or FAX — using the Card is simply a choice that you have.) If you wish to use the Health Care Spending Card you receive, just call the toll-free number on the label affixed to the Card and follow the voice prompts to activate it. Please note that you will need to provide your Social Security number as identification. Once you have activated your Card, you will need to wait one full business day before you can use it.

To make an eligible purchase, just use your Consumer Accounts Card or Health Care Spending Card like you would a credit card. Funds will automatically be taken from your Health Care FSA or your Dependent Care FSA

to cover your purchase of eligible items. You do not file a Claim Form for whatever you purchase using your Card.

You can use your Consumer Accounts Card or Health Care Spending Card to pay for purchases up to the total annual amount for which you enrolled, minus what you already have been reimbursed, even though you may not have had that much deducted from your pay. For example, if you signed up for \$2,600, and you're having \$100 per pay period withheld from your pay, and you have an eligible expense of \$500 in February, you can pay for the entire amount using your Card, even though you may have only had \$200 withheld so far from your pay for the FSA.

Please note that the opportunities to use your Consumer Accounts Card or Health Care Spending Card are limited, since not all types of expenses are eligible and not all merchants participate, so please read the following information to make sure you understand how to use your Card.

## How does the Consumer Accounts Card or Health Care Spending Card work?

Your Consumer Accounts Card or Health Care Spending Card allows you to be reimbursed immediately from your Health Care FSA or your Dependent Care FSA for certain types of eligible expenses when you pay using the Card, as long as the merchant participates. Your Card transaction is validated at the time you pay to ensure that: **(1)** you still have funds available in your FSA, and **(2)** that what you're purchasing is eligible to be reimbursed from your FSA under IRS guidelines. Since each purchase is validated immediately against FSA and IRS rules, you do not file a paper Claim Form for whatever you purchase using your Card.

You may hear about other employers' Flexible Spending Accounts programs that use similar debit cards and allow them to be used more widely than in the USPS FSA. However, typically, those programs are allowing the use of cards in a way that will require participants to file a follow-up paper claim form in order to satisfy IRS requirements. Although the USPS FSA Consumer Accounts Card or Health Care Spending Card cannot be used as widely as some other FSAs' cards, normally you will not be expected to file a follow-up paper claim.

That is because the FSA administrator and the Postal Service have ensured that the Card will only be used for transactions that will not require you to file follow-up documentation for your purchases.

## How do I use my Consumer Accounts Card or Health Care Spending Card for my Health Care FSA?

There are four ways, and only four ways, for you to use your Consumer Accounts Card or Health Care Spending Card for your Health Care FSA.

**1.** All FSA participants will be able to pay for prescriptions and also for over-the-counter supplies that treat illness or injury at nearly all grocery, pharmacy and discount stores that carry these items. The Consumer Accounts Card or Health Care Spending Card system will automatically check that your prescription or over-the-counter item is eligible for reimbursement from your Health Care FSA, and will also ensure that you have funds available in your Health Care FSA. Charges for your purchase will be deducted from your Health Care FSA balance immediately. You will be able to use your Card at participating stores for prescriptions covered by any Federal Employees Health Benefits (FEHB) plan, any other health plan, or even if you are buying a prescription that is not covered by insurance. (Please note that there are some stores that sell these items that do not participate — in those stores, you won't be able to use your Card.)

If you are also buying some items that are not eligible for reimbursement from your FSA, then you will have to pay for those items using a different payment method. If you are buying a prescription that requires a letter of medical necessity for FSA reimbursement then you cannot use the Card.

For both the 2013 Health Care FSA and for the grace period for the 2012 Health Care FSA, over-the-counter (OTC) medicines or drugs **are not** eligible for reimbursement **unless** you have a prescription from your health care provider. **You cannot use the Card for these OTC medicines and drugs, except as follows.** You may take your OTC prescription to the pharmacist to be filled and have a prescription number assigned, and you may then use the Card to pay for it. Also, insulin continues to be eligible without a prescription, so you can use the Card for insulin.

You can also use the Card for supplies such as bandages, contact lens supplies and solutions, first aid supplies, and reading glasses, which continue to be eligible without a prescription.

2. All FSA participants will be able to pay for over-the-counter supplies that treat illness or injury at [www.drugstore.com](http://www.drugstore.com). This is the only participating merchant on the Internet.

3. If your Federal Employees Health Benefits (FEHB) plan participates with the Card, you will be able to pay for prescription drugs **at any retail pharmacy and via mail order** (as long as you are providing your FEHB information). The FEHB plans that participate with the Card are the:

- American Postal Workers Union.
- Blue Cross and Blue Shield Service Benefit Plan (Standard and Basic).
- Government Employees Hospital Association (GEHA) Benefit Plan (High and Standard).
- National Association of Letters Carriers (NALC) Health Benefit Plan.

4. You can now use your Consumer Accounts Card or Health Care Spending Card for some mail order prescription providers, including Caremark and Medco.

When you pay for your prescription, the Consumer Accounts Card or Health Care Spending Card system will automatically check that your prescription is eligible for reimbursement from your Health Care FSA, and will also ensure that you have funds available in your Health Care FSA. Charges for your prescription will be deducted from your Health Care FSA balance immediately. If you are buying a prescription that requires a letter of medical necessity for FSA reimbursement then you cannot use the Card as your payment method. If you try to use your Card to pay for a prescription and your transaction is denied, you will need to use another form of payment and file a paper Claim Form to request reimbursement from your Health Care FSA.

### **How do I use my Consumer Accounts Card or Health Care Spending Card for my Dependent Care FSA?**

If you use a dependent care (day care) provider who accepts payments by MasterCard, and if the provider is coded appropriately, then you will be able to pay for your dependent care expenses using your Consumer Accounts Card or Health Care Spending Card. Just present your Card and the system will automatically determine whether your provider qualifies for reimbursement from your Dependent Care FSA, and ensure that you have funds available in your FSA. Charges for eligible payments will be deducted from your Dependent Care FSA balance immediately. If your provider does not participate, then you will have to pay using a different payment method and file a paper Claim Form in order to be paid from your Dependent Care FSA.

### **How does the Consumer Accounts Card or Health Care Spending Card work for Grace Period expenses?**

**The Grace Period for the 2013 FSA:** If you have expenses during the January 1–March 15, 2014, Grace Period for the 2013 FSA, you can only use the Consumer Accounts Card or Health Care Spending Card if you reenroll for the 2014 FSA. In that case, when you use the Card, the funds to cover your claim may first be taken from your 2014 FSA. After March 15, 2014, the FSA Customer Service Center will begin checking all claims for items or services received during the Jan. 1 through March 15, 2014, grace period for the 2013 FSA. In some cases, grace period expenses will have been deducted from 2014 FSA funds. However, if you still have 2013 funds left, the grace period expenses will be taken from the 2013 account and restored to the 2014 FSA. If you do not have funds left in your 2013 FSA, the claim amount will remain as paid from your 2014 FSA.

If you have expenses during the January 1–March 15, 2014, Grace Period for the 2013 FSA, and you do not reenroll for the 2013 FSA, you cannot use the Card — file your claims using the FSA Claim Form via mail or FAX for coverage from your 2013 FSA (if funds are still available).

**The Grace Period for the 2012 FSA:** If you were enrolled in the 2012 FSA, and if you have expenses during the January 1–March 15, 2013, Grace Period for the 2012 FSA, you can only use the Consumer Accounts Card or Health Care Spending Card if you reenroll for the 2013 FSA. In that case, when you use the Card, the funds to cover your claim may first be taken from your 2013 FSA. After March 15, 2013, the FSA Customer Service Center will begin checking all claims for items or services received during the Jan. 1 through March 15, 2013, grace period for the 2012 FSA. In some cases, grace period expenses will have been deducted from 2013 FSA funds. However, if you still have 2012 funds left, the grace period expenses will be taken from the 2012 account and restored to the 2013 FSA. If you do not have funds left in your 2012 FSA, the claim amount will remain as paid from your 2013 FSA.

### **Why can't I use my Consumer Accounts Card or Health Care Spending Card for other types of expenses?**

Your Consumer Accounts Card or Health Care Spending Card cannot be used at your doctor's office, your dentist's office, at a hospital or lab, or in any way other than those explained above. The reason is that the IRS requires that each FSA expense must be checked for eligibility, including those paid for with FSA debit cards such as the Consumer Accounts Card or Health Care Spending Card. When data is transmitted over the credit card network to approve the Card, the credit card network is unable to

transmit information about each item that you have purchased, which does not meet the IRS requirement. The merchants where you can use your Card validate item-by-item that the Card is used solely for expenses that are eligible under the FSA. Other employers with FSAs may allow their employees to use their FSA cards more broadly, but they may do so by using a process called “pay and chase”— they follow up each FSA debit card usage with a letter asking employees to mail in receipts proving that what they used the FSA card for was an eligible expense (and bill them for repayment if they don't receive sufficient documentation). Or, they may only have one health plan and can connect the FSA card to that one health plan's claims process. The Postal Service has determined that adopting the “pay and chase” process is not a good solution, and of course, since we offer hundreds of FEHB health plans, the second approach unfortunately is not feasible.

### **What happens if my Consumer Accounts Card or Health Care Spending Card is lost or stolen?**

We recommend that you call the number shown on the back of the Consumer Accounts Card or Health Care Spending Card immediately, which is 866-755-2648. Please note that you will need to provide your name and Social Security number as identification. You may call anytime. If your Card is stolen and it is misused by someone else, just call 866-755-2648. You will be asked to complete a dispute form. Once the information has been verified, a credit will be issued to your FSA account for the funds.

### **Is information about my Consumer Accounts Card or Health Care Spending Card reported to a credit agency?**

**No.** The Consumer Accounts Card or Health Care Spending Card is not a credit card — it simply provides access to your FSA funds. There is no credit reporting on your Card (whether activated or not activated).

### **Where can I get more information or help?**

If you have any questions or problems with the Consumer Accounts Card or Health Care Spending Card, call the toll-free number shown on the back of the Card, which is 866-755-2648. You will need to provide your name and Social Security number as identification. If you have questions about the FSA program or about your FSA account, just call the FSA Customer Service Center at 800-842-2026. Employees who are deaf or hard of hearing may call this number via 711, the Telecommunications Relay Service (TRS).

There is a limitation on the Consumer Accounts Card or Health Care Spending Card. The contract with the card processor is for the 50 states, DC, Puerto Rico, and Canada, but not the US Territories.

# Using [www.myuhc.com](http://www.myuhc.com) to Manage your FSA

## What does this account management option offer?

You've always been able to call the FSA Customer Service Center or use the automated FSA telephone system to check on the status of your FSA claims, your year-to-date contributions, and your account balance.

You also have the choice of using the Internet to manage your Health Care FSA and/or your Dependent Care FSA. Your 2013 FSA information will be available to you beginning in mid-January 2013 — it will take some time for your FSA enrollment to be processed and sent to UnitedHealthcare, the FSA administrator for the Postal Service.

## How do I register?

Here's how it works:

1. Go to [www.myuhc.com](http://www.myuhc.com) on the Internet. (You may need to type in <https://www.myuhc.com> to get to the website.)
2. The first time you visit the site, you'll need to establish a username and password. After all, this is a secure site and you'll have to log on to access your account information. Just find the banner that says **Need a username and password?** and then click on the button that says **Register Now**.
3. You'll see a list of blank fields you must enter to create a username and password, as follows:
  - For **First Name**, make sure you type in your first name as shown on the mailing address used for this brochure.
  - For **Last Name**, make sure you type in your last name as shown on the mailing address used for this brochure.
  - For **ID Number**, type in your 8-digit EIN. You can find your EIN printed on the top right of your biweekly earnings statement (pay stub).
  - For **Group/Account #**, type in **141245**.
  - Finally, enter your **Date of Birth**.
  - Then, follow the instructions to finish registering.



## What can I do at [www.myuhc.com](http://www.myuhc.com)?

You can view a summary of your Health Care FSA and/or Dependent Care FSA, check the status of your claims, see your year-to-date FSA contributions, print a Claim Form, refer to a list of eligible and ineligible expenses, see a list of over-the-counter items and drugs that are eligible for reimbursement from your Health Care FSA, and more.

You can also *estimate* the tax savings from your FSA using the FSA Savings Calculator. A note of caution — if you are covered by the Civil Service Retirement System (CSRS) or CSRS Offset, please note that the tax calculator includes savings from not paying Social Security taxes on your FSA contributions.

However, employees covered by CSRS and CSRS Offset do not get Social Security tax savings, so the FSA Savings Calculator will give you a tax savings result that is too high. To get a more accurate estimate of your tax savings, take the result provided by the FSA Savings Calculator, and then subtract \$6.20 for every \$100.00 in FSA contributions. For example, if you planned to contribute \$1,000.00 to your FSA, you would subtract \$62.00 from the FSA Savings Calculator result.

Refer to page 25 to learn how to sign up for Direct Deposit of your FSA reimbursements using [www.myuhc.com](http://www.myuhc.com).



# A Direct Deposit option for your FSA reimbursements

## How can I receive my FSA reimbursements even faster?

You may already take advantage of Net to Bank electronic direct deposit of your biweekly pay from the Postal Service — if so, you know how convenient that is. You can also choose to receive your FSA reimbursements electronically. This means you'll be reimbursed for your eligible Health Care FSA and Dependent Care FSA expenses as quickly as possible.

## Elect Direct Deposit using [www.myuhc.com](http://www.myuhc.com)

You do not have to elect Direct Deposit of your FSA reimbursement checks. Do nothing, and your FSA reimbursement checks will continue to be mailed to your address of record with the Postal Service. But if you prefer to receive your Health Care FSA and Dependent Care FSA reimbursements electronically, you have the option. If you do not have a 2012 FSA, this feature will be available to you beginning in mid-January 2013 — it will take some time for your FSA open season enrollment to be processed and sent to UnitedHealthcare, the FSA administrator for the Postal Service.

Refer to page 24 to learn how to register at the FSA administrator's website, [www.myuhc.com](http://www.myuhc.com). Once you've registered, sign on — this means the information you submit is secure — and look for the tab "Claims & Accounts" and then select "Direct Deposit". Please note that you cannot elect FSA Direct Deposit using *PostalEASE*. (You use *PostalEASE* to elect Net to Bank for your biweekly Postal Service pay, and you use *PostalEASE* to enroll in FSAs, but Direct Deposit of your FSA reimbursements is completely separate.) If you receive your Postal Service biweekly pay electronically through Net to Bank, you are welcome to select a different account for Direct Deposit of your FSA reimbursements.

## What information will I need to elect Direct Deposit?

Before electing Direct Deposit for your FSA, you must have a checking or savings account already established in your name at a U.S. bank, credit union, or savings and loan financial institution. Direct Deposits cannot be made to brokerage accounts. You cannot establish a checking or savings account through [www.myuhc.com](http://www.myuhc.com).

To begin having your FSA reimbursements deposited electronically, you'll need to know the American Banking Association (ABA) 9-digit Routing Number and Account Number for the checking or savings account you'd like to use. It is IMPORTANT that the information you submit is accurate, as reimbursements will be deposited according to this Routing Number and Account Number combination. If you're not sure what the numbers are, contact your financial institution. (Note: if you wish to have reimbursements deposited to a savings account, please ensure you have contacted your financial institution to verify the correct numbers. The deposit slips used by many financial institutions do not always contain the correct information for the Routing Number.)

The information you enter online at [www.myuhc.com](http://www.myuhc.com) is sent immediately as a zero dollar 'prenote' (which means no money is actually sent, just the information) to the financial institution and Account Number you have selected. This step ensures that your FSA reimbursements will be deposited correctly. If the financial institution rejects the prenote, you must enter a valid Account Number on [www.myuhc.com](http://www.myuhc.com) before your FSA reimbursements will be paid via Direct Deposit. (The Routing Number is validated immediately when you sign up for Direct Deposit of your FSA reimbursements.)

If you would like your FSA reimbursements to be directed to the same account that you use for Net to Bank deposits of your biweekly pay from the Postal Service and you are not sure of your Routing Number and Account Number, just access *PostalEASE*. Then you can find out your current Net to Bank Routing Number and Account Number. Write them down, go to [www.myuhc.com](http://www.myuhc.com), and follow the process to establish Direct Deposit of your FSA reimbursements.

Even if you elect Direct Deposit of your FSA reimbursements, you will continue to receive your Explanation of Benefit claims statements in the mail, unless you elect to suppress receiving paper copies online at [www.myuhc.com](http://www.myuhc.com).



# Account management information

## How do I check my account status?

Please read the section beginning on page 24 on how you can manage your FSA on the Internet at [www.myuhc.com](http://www.myuhc.com).

Whenever the FSA Customer Service Center sends you a payment, your account balance is shown. The FSA Customer Service Center also sends you statements during the year. To get up-to-date account information, call the FSA Customer Service Center toll-free at 1-800-842-2026 between 7:00 A.M. and 10:00 P.M. Eastern Time (ET). If you have a touch tone phone, when prompted, enter your EIN, then enter your FSA personal identification number (PIN), and an automated system will guide you to up-to-the-minute information about:

- Status of your FSA claim
- Amount of year-to-date contributions
- Account balances.

If you do not have a touch tone phone, or you would prefer to speak to a customer service representative, call from 8:00 A.M. to 8:00 P.M. Eastern, Central, Mountain, and Pacific Time, Monday through Friday.

If you call after business hours, you may leave a message. A customer service representative will call you back the next business day.

Employees who are deaf or hard of hearing may call this number via 711, the Telecommunications Relay Service (TRS).

## How do I get or change my FSA personal identification number (PIN)?

The FSA Customer Service Center automatically assigns you an FSA Customer Service Center PIN so you can access your account information. This number appears on your FSA enrollment confirmation notice.

Do not tell anyone your FSA Customer Service Center PIN. If you forget it, or if you think someone else has discovered it, you may request a new one by writing to the FSA Customer Service Center.

Please note that your FSA Customer Service Center PIN is independent of your USPS PIN that is used for *PostalEASE*. If you do not know your USPS PIN, you may obtain one immediately by using the Self-Service PIN Reset application as follows:

- Go to the Internet and type [liteblue.usps.gov](http://liteblue.usps.gov) into the address bar of your web browser to go to the LiteBlue log on screen.
- Click the “Forget Your Pin?” link on the log on screen.
- Enter your 8-digit EIN (printed at the top right of your earnings statement, or pay stub) and click “Start.” On your first visit you will be guided through a registration step to capture security questions and responses used on each subsequent visit.
- Your two security questions will be presented. Enter your responses to the two questions and click “Login.”
- Enter the new 4-digit USPS PIN you want to use twice, select “Change PIN” and exit the application.



Or, dial 1-877-477-3273. Press 1 for *PostalEASE*. When prompted, enter your EIN (printed at the top right of your earnings statement (pay stub). When prompted for your PIN, pause and then press 2. Your USPS PIN will be mailed to you the next business day.

## How do I control who has access to my FSA information?

If you wish, you may select one or two authorized users to have access to your FSA information. When you enroll, you’ll simply enter the last 4 digits of each authorized user’s Social Security Number. (You are not required to identify anyone if you don’t want an authorized user.)

If you want to change your selection(s) during the plan year, send a written request to the FSA Customer Service Center. Do not reveal your FSA Customer Service Center PIN to these people — it is for your use only.

## How do I change my address?

Complete a Change of Address on the Internet at [liteblue.usps.gov](http://liteblue.usps.gov), or on the Intranet (Blue), or at an employee self-service kiosk. Employees who do not have access to the Internet, or to the Intranet, or to a kiosk, may complete PS Form 1216, *Employee’s Current Mailing Address*, and send it to the Human Resources Shared Service Center (HRSSC) for processing. To protect the security of your account, the FSA Customer Service Center does not process requests for use of a temporary address. You may instead wish to consider using Direct Deposit to receive your FSA contributions — refer to the information on page 25.

## Do I pay for account administration?

No. All administrative costs are paid by the USPS. Your entire contribution is available for payment of your eligible expenses. As information, the Postal Service has a contract with UnitedHealthcare to administer the FSA program. UnitedHealthcare is paid a monthly fee per FSA account and does not keep funds that are unspent and does not receive any “float” on FSA contributions.



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## What tax laws apply to expenses covered by FSAs?

Besides Flexible Spending Accounts, federal tax law provides other income tax credits for dependent care and medical, dental and vision expenses.

Take a few moments to study these federal tax credits and deductions. Weigh them against the advantages of an FSA and then decide which is best in your situation. **Note:** Tax provisions are always subject to change, and this section simply presents tax information as of the date of publication for the tax year that is referenced.

The USPS and the FSA Customer Service Center are not responsible for providing you with tax and legal advice. The information in this section simply provides an overview of tax laws that may affect FSAs. For complete guidance, refer to the IRS publications listed at the end of this section. Also, it may be in your best interest to seek professional tax advice before making a final decision.

Direct any tax questions you have to the IRS or a tax consultant. HRSSC employees and FSA customer service representatives are not qualified to give tax or legal advice, including questions related to W-2 and W-4 forms. You may reach the IRS at 1-800-TAX-1040.

### Child Tax Credit

Based on 2011 tax information, people who have a qualifying child or children and meet certain tax and income requirements can take this credit, up to \$1,000 per child, in addition to the credit for child and dependent care expenses described in the following section. Whether FSA participation affects the Child Tax Credit depends upon how many qualifying children you have, your income and your taxes.

### Credit for Child and Dependent Care Expenses

The amount of the child and dependent care tax credit is based on your adjusted gross income shown on your federal income tax return. If you qualify, the tax credit, which directly reduces the amount of federal income taxes you pay (but does not reduce your Medicare, Social Security or state or local income taxes) is a certain percentage of your eligible expenses. Based on 2011 tax information, the tax credit applies to \$3,000 of eligible expenses if you have one eligible dependent and \$6,000 if you have two or more eligible dependents. The tax credit is 35% if your adjusted gross income is \$15,000 or less, and decreases gradually (1% for every \$2,000 in excess of \$15,000) to 20% if your adjusted gross income exceeds \$43,000.

Therefore, the maximum tax credit is \$1,050 for one child or dependent and \$2,100 if you have two or more qualified dependents. For employees who together with their spouse have an adjusted gross income over \$43,000, the maximum tax credit is \$600 and \$1,200, respectively.

On the other hand, the federal tax savings from the Dependent Care FSA (DCFSA) is based on your taxable income. Based on 2011 tax rates, during a year of full FSA participation, this tax savings can range from up to 11.45% of \$5,000 (\$573) to 36.45% of \$5,000 (\$1,823) of your dependent care contributions, depending on your income and Social Security tax position, without regard to the number of dependents. In addition, the tax savings from the DCFSA can be even greater in many states.

Using the DCFSA for qualified dependent care expenses reduces the amount of the available tax credit (\$3,000 for one qualified dependent, \$6,000 for two or more) on a dollar-for-dollar basis. Thus, for example, if you use the DCFSA for \$3,000 of expenses, you will have none of the tax credit available if you have one qualified dependent and \$3,000 available if you have two or more qualified dependents. If you elect the maximum DCFSA available for 2013, you will not be able to use the tax credit if you have only one eligible dependent.

It's your choice to use the tax credit, or the DCFSA, or both, as long as you do not file the same expenses under both plans. Using the DCFSA for qualified dependent care expenses reduces the amount of the available tax credit on a dollar-for-dollar basis. Whether you use the tax credit or the DCFSA, you will be required to attach IRS Form 2441 to your tax return and include your caregiver's name, address and tax identification number (Social Security number if an individual, Employer Identification number if a business).

Your decision whether to use the DCFSA is based on the potential tax savings available from using the tax credit for some or all of your eligible expenses instead of the DCFSA. In making this decision, keep in mind that the tax savings from the DCFSA is based on your total tax rate (federal income tax rate, Medicare and Social Security, and state or local income taxes, if applicable). Based on 2011 tax information, the DCFSA is available for up to \$5,000 of expenses in 2013 regardless of the number of your qualified dependents. The tax credit is available on \$3,000 of expenses if you have one qualified dependent and \$6,000 of expenses if you have two or more.





# FERS Employees

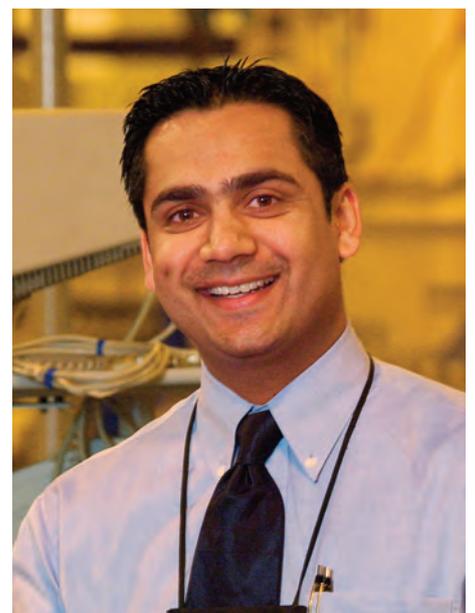
## Comparison of Tax Savings for FERS Employees\*

Personal Data	John	Rosa	Leroy
Marital Status	Single	Married	Married
Number of qualifying dependents	1	2	2
Adjusted gross income (AGI)	\$29,500	\$36,000	\$85,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$26,000	\$26,000	\$80,000
Eligible dependent care expenses	\$ 3,000	\$ 5,000	\$ 6,000
<b>Dependent care tax credit</b>	\$ 870	\$ 1,450	\$ 1,200
	(.29 x 3,000)	(.29 x 5,000)	(.20 x 6,000)
<b>DCFSA Reimbursement</b>			
<b>Taxes without DCFSA</b>			
Adjusted gross income (AGI)	\$29,500	\$36,000	\$85,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$26,000	\$26,000	\$80,000
Federal income tax	\$ 3,479	\$ 3,054	\$12,256
Social Security/ Medicare tax (7.65%)	\$ 2,257	\$ 2,754	\$ 6,503
Total Federal tax	\$ 5,736	\$ 5,808	\$18,759
<b>Taxes with DCFSA</b>			
AGI before DCFSA	\$29,500	\$36,000	\$85,000
DCFSA contribution	(\$3,000)	(\$5,000)	(\$5,000)
Income minus DCFSA	\$26,500	\$31,000	\$80,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$23,000	\$21,000	\$75,000
Federal income tax	\$ 3,029	\$ 2,304	\$11,006
Social Security/ Medicare tax (7.65%)	\$ 2,027	\$ 2,372	\$ 6,120
Total Federal tax	\$ 5,056	\$ 4,676	\$17,126
<b>Tax savings from DCFSA</b>	\$ 680	\$ 1,132	\$ 1,633
<b>Comparison of tax savings</b>			
Savings from DC tax credit	\$ 870	\$ 1,450	\$ 1,200
Savings from DCFSA	\$ 680	\$ 1,132	\$ 1,633
<b>DCFSA savings (cost)</b>	<b>(\$190)</b>	<b>(\$318)</b>	<b>\$ 433</b>

These examples illustrate how to calculate the respective federal tax savings from the DCFSA and the dependent care tax credit for FERS employees.

John is single with one qualifying dependent and has \$3,000 in eligible dependent care expenses, adjusted gross income of \$29,500, and taxable income of \$26,000. Rosa is married with two qualifying dependents and has \$5,000 of eligible dependent care expenses, adjusted gross income of \$36,000 and taxable income of \$26,000. Leroy is married with two qualifying dependents and has \$6,000 in eligible dependent care expenses, adjusted gross income of \$85,000, and taxable income of \$80,000. John and Rosa will save more in federal taxes by using the tax credit, while Leroy will be better off using the DCFSA, as illustrated by these computations.

If you have only one qualified dependent and your dependent care expenses are greater than \$3,000, you may be better off using the DCFSA. With the DCFSA, you may cover expenses up to \$5,000. On the other hand, with the dependent care tax credit, your credit is based upon a maximum of \$3,000 in dependent care expenses.



\*Savings based on 2011 dependent care tax credit information and tax rates and uses the normal 6.2% Social Security tax rather than the actual 2011 reduced rate of 4.2%. You should also consider the potential savings on your state and local income taxes from using the DCFSA, because usually the DCFSA contributions are not subject to such taxes. Figures are rounded.



# CSRS Employees

## Comparison of Tax Savings for CSRS and CSRS Offset Employees\*

### Personal Data

	Maria	Barry	Louise
Marital Status	Single	Married	Married
Number of qualifying dependents	1	2	2
Adjusted gross income (AGI)	\$29,500	\$36,000	\$85,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$26,000	\$26,000	\$80,000
Eligible dependent care expenses	\$ 3,000	\$ 5,000	\$ 6,000
<b>Dependent care tax credit</b>	<b>\$ 870</b>	<b>\$ 1,450</b>	<b>\$ 1,200</b>
	(.29 x 3,000)	(.29 x 5,000)	(.20 x 6,000)

### DCFSA Reimbursement

#### Taxes without DCFSA

Adjusted gross income (AGI)	\$29,500	\$36,000	\$85,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$26,000	\$26,000	\$80,000
Federal income tax	\$ 3,479	\$ 3,054	\$12,256
Medicare tax (1.45%)	\$ 428	\$ 522	\$ 1,233
Total Federal tax	\$ 3,907	\$ 3,576	\$13,489

#### Taxes with DCFSA

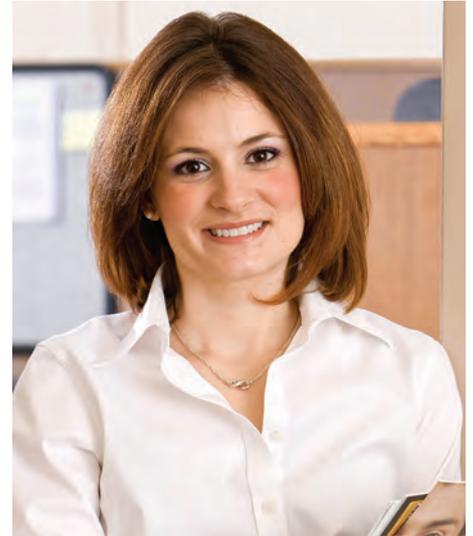
AGI before DCFSA	\$29,500	\$36,000	\$85,000
DCFSA contribution	(\$3,000)	(\$5,000)	(\$5,000)
Income minus DCFSA	\$26,500	\$31,000	\$80,000
Minus itemized deductions	(\$3,500)	(\$10,000)	(\$5,000)
Taxable income	\$23,000	\$21,000	\$75,000
Federal income tax	\$ 3,029	\$ 2,304	\$11,006
Medicare tax (1.45%)	\$ 384	\$ 450	\$ 1,160
Total Federal tax	\$ 3,413	\$ 2,754	\$12,166

#### Tax savings from DCFSA

	\$ 494	\$ 822	\$ 1,323
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### Comparison of tax savings

Savings from DC tax credit	\$ 870	\$ 1,450	\$ 1,200
Savings from DCFSA	\$ 494	\$ 822	\$ 1,323
<b>DCFSA savings (cost)</b>	<b>(\$376)</b>	<b>(\$628)</b>	<b>\$ 123</b>



These examples illustrate how to calculate the respective federal tax savings from the DCFSA and the dependent care tax credit for CSRS and CSRS Offset employees.

Maria is single with one qualifying dependent and has \$3,000 in eligible dependent care expenses, adjusted gross income of \$29,500, and taxable income of \$26,000. Barry is married with two qualifying dependents and has \$5,000 of eligible dependent care expenses, adjusted gross income of \$36,000 and taxable income of \$26,000. Louise is married with two qualifying dependents and has \$6,000 in eligible dependent care expenses, adjusted gross income of \$85,000, and taxable income of \$80,000. Maria and Barry will save more in federal taxes if they use the dependent care tax credit rather than participating in the DCFSA. Louise will be better off using the DCFSA, as illustrated by these computations.

If you have only one qualified dependent and your dependent care expenses are greater than \$3,000, you may be better off using the DCFSA. With the DCFSA, you may cover expenses up to \$5,000. On the other hand, with the dependent care tax credit, your credit is based upon a maximum of \$3,000 in dependent care expenses.

\* Savings based on 2011 dependent care tax credit information and tax rates. You should also consider the potential savings on your state and local income taxes from using the DCFSA, because usually the DCFSA contributions are not subject to such taxes. Figures are rounded.



**How do I find out more about FSA tax considerations?**



**Ask your financial or tax advisor; contact your local IRS office; or call the toll-free IRS information line at 1-800-TAX-1040.**



### **Credit for Elderly or Disabled**

This credit allows qualified individuals and their spouses (age 65 or older, or retired with a permanent and total disability while receiving taxable disability income and below mandatory retirement age) with moderate or low income to take a credit against federal income taxes. Based on 2011 tax information, the credit is equal to 15% of an initial amount (ranging from \$3,750 to \$7,500) reduced by certain receipts by the taxpayer, including one-half of adjusted gross income in excess of certain minimum levels, pensions, annuities and Social Security. Since participation in Flexible Spending Accounts reduces the employee's adjusted gross income, an employee who qualifies for the credit for elderly or disabled taxpayers may be able to increase the credit by participating.

### **Earned Income Credit**

Certain low-income workers are allowed a refundable income credit computed by applying a separate credit percentage to a base amount (determined by the employee's income and number of dependents). As an employee's income increases, the earned income credit is phased out (entirely for employees with an earned or an adjusted gross income in excess of: \$13,660 if you have no qualifying children; \$36,052 if you have one qualifying child; \$40,964 if you have two qualifying children; or \$43,998 if you have three or more qualifying children. These limits are \$5,080 higher if you are married filing jointly.) These credit amounts are for 2011, and may be adjusted. Since elections under FSA affect adjusted gross income amounts, participation may affect your earned income credit.

### **Deduction for Medical and Dental Expenses (Schedule A, Itemized Deductions)**

Based on 2011 tax information, medical and dental expenses in excess of 7.5% of your adjusted gross income can be itemized on Schedule A and deducted on your federal income tax return (IRS Form 1040).

However, most people do not have medical and dental expenses that exceed 7.5% of their adjusted gross income. Health Care FSA contributions, on the other hand, provide you with a tax reduction for every dollar contributed.

Furthermore, the Schedule A deduction only reduces your federal income tax liability (and, in most cases, state and local income taxes), but not your liability for Social Security and Medicare taxes. In contrast, the tax reduction for the Health Care FSA includes federal income taxes, Social Security and Medicare payroll taxes, and in most cases, state and local income taxes.

### **An Important Social Security Benefits Consideration**

The FSA reduction of Social Security taxes could slightly reduce Social Security benefits for people below the Social Security wage maximum (\$110,100 in 2012). Medicare benefits will not be reduced. Therefore, employees should weigh the advantages of reducing federal income taxes, Social Security and Medicare taxes (and in most cases state and local income taxes) versus the disadvantages of slightly reduced Social Security benefits.

### **Health Savings Accounts**

Be sure to read the section beginning on page 11 to understand the tax conflict between a Health Care FSA and a Health Savings Account (HSA), which is a standard feature of a High Deductible Health Plan (HDHP).

### **IRS Publications**

These publications also provide additional information and can be obtained by dialing 1-800-TAX-FORM:

- IRS Publication 17, *Your Federal Income Tax*
- IRS Publication 502, *Medical & Dental Expenses Including the Health Coverage Tax Credit*
- IRS Publication 503, *Child & Dependent Care Expenses*
- IRS Publication 524, *Credit for the Elderly or the Disabled*
- IRS Publication 596, *Earned Income Credit*
- IRS Publication 972, *Child Tax Credit*

**Note:** Health Care FSA rules differ from IRS Publication 502 on two points. First, you cannot use your FSA to pay for health plan premiums. Second, when you receive items or services determines whether they may be covered by your FSA, not when you pay for services as stated in IRS Publication 502.

# What the Terms Mean

**After-Tax Money** — Money withheld from your paycheck that is subject to income, Medicare, or Social Security taxes.

**Copayment** — The amount of money you pay out of your pocket to cover a portion of the cost of your medical care.

**FEHB Contribution** — See Health Insurance Premiums.

**FSA Contribution** — The amount of money you choose to have withheld from your paychecks and put into your Flexible Spending Account(s).

**Date Service or Item Received** — The date you receive a health care or dependent care service or item. This is not necessarily the date on the bill or Explanation of Benefits, or the date you make the payment. The date you receive services or items determines whether they may be covered through your FSA, not the date you pay or are billed for services.

**Deductible** — The amount of money you must pay out of your own pocket each year before your medical expenses.

**Eligible Expenses** — The health and dependent care expenses that the IRS allows FSAs to cover.

**Explanation of Benefits (EOB)** — A statement from your insurance company. It shows how much your health plan pays towards your medical expenses, and the amount, if any, you must pay out of pocket.

(Eligible out-of-pocket amounts shown may be covered by your Health Care FSA.)

**Forfeit** — To give up money from your FSA. By IRS rule, you may only withdraw money from your FSA for services or items received during your period of participation (see Period of Participation). If you do not have enough eligible expenses during your period of participation, you will give up any money left in your FSA. This is why you should set your FSA contribution levels with care. Also, the FSA Customer Service Center must receive your FSA claims by the deadline for filing claims (September 30, 2014).

**Health Insurance Premiums** — The payments you make for your health insurance coverage every pay period. The only health insurance premiums that can be paid with pre-tax money are your Federal Employee Health Benefits (FEHB) Program premiums. Health insurance premiums are not eligible FSA expenses. However, for information on using pre-tax money to pay for your health insurance premiums, see the various 2013 Guides to Benefits for career Postal Service employees, which are mailed to you separately.

**Health Savings Account (HSA)** — You will have a tax conflict if you have a Health Care FSA and you also have a Health Savings Account (HSA). In order to have an HSA, you must first enroll in a special “High Deductible Health Plan” such as the ones listed in the section at the end of the various

2013 Guides to Benefits for career Postal Service employees. Refer to the section beginning on page 11 for more information. If you have an HSA, there is no tax conflict if you have a Dependent Care FSA.

**Itemized Bill** — A proper itemized bill includes the date the service or item was provided, the provider’s name, fee and the type of service or item provided. Refer to page 18 for more information.

**Out-of-Pocket Expenses** — The amount of money you pay towards costs that are not covered by any insurance plan(s).

**Period of Participation (Plan Year)** — Your FSA participation has a beginning date and an ending date. In order to use your FSA contributions to cover eligible out-of-pocket health care and dependent care expenses, these expenses must be for services received during your period of participation.

- **Beginning Date** — If you enroll during FSA Open Season, your period of participation begins January 1, 2013. Or, if you enroll after FSA Open Season, your period of participation begins the first day of the pay period after your enrollment is processed in *PostalEASE* or approved by the Human Resources Shared Service Center (HRSSC).
- **Ending Date** — Your period of participation ends March 15, 2014, as long as you are still a participant on December 31, 2013. See page 13 for information on the 2-1/2 month FSA grace period. If you go on extended leave without pay or terminate from employment, your period of participation ends earlier. (See pages 17 and 19 respectively for details.)

**Pre-Tax Money** — Money that is withheld from your paycheck that is not subject to income, Medicare, or Social Security taxes.



# Your rights under the Flexible Spending Accounts Benefit Plan

## Your Right to More Information

The United States Postal Service wants you to have the information you need to benefit from FSAs without forfeiting your contributions. This brochure serves as your summary plan description of the FSA benefit plan. The FSA enrollment form contains your plan elections, important plan provisions, and your Privacy Act notice. There is also a legal plan document containing the full legal plan provisions, which you may arrange to view by contacting:

### FSA Plan Administrator

475 L'Enfant Plaza SW  
Washington DC 20260-4101

The most useful source of information in most circumstances will be the FSA Customer Service Center at its toll-free number, 1-800-842-2026. You may also contact the Human Resources Shared Service Center (HRSSC) for additional information.

## Your Right to Appeal

If the FSA Customer Service Center denies entirely, or in part, your FSA Claim for payment of an expense, you will receive a written explanation from the FSA Customer Service Center.

You may appeal a denial by writing — within 60 days of receiving it — to:

### UnitedHealthcare

#### FSA Customer Service Center

PO Box 981506  
El Paso TX, 79998-1506

Within 90 days of receipt of your written appeal, the FSA Customer Service Center will give you a written response to your appeal. If your appeal is successful, the FSA Customer Service Center will arrange for payment as soon as practical. In any case, the FSA Customer Service Center response will contain a comprehensive explanation of its decision. The FSA Customer Service Center will also include steps that you may take for the United States Postal Service to review your appeal and the FSA Customer Service Center decision.

Following the written decision by the FSA Customer Service Center on your appeal, you may request in writing that the USPS review the FSA Customer Service Center decision. The USPS will fully investigate and provide you a written response within 60 days of receipt of your letter. The address for requesting a review of the FSA Customer Service Center decision is:

### FSA Plan Administrator

475 L'Enfant Plaza SW  
Washington DC 20260-4101

## Your Right to Participate

If you are a career nonbargaining unit employee, or career bargaining unit employee with eligibility for FSAs included in your collective bargaining agreement, or otherwise eligible to participate under the plan rules, no one, not your employer or any other person, may take any action which will prevent you from obtaining a benefit or exercising your rights under the Flexible Spending Account.

## More Information on Employee Rights and Benefits

The rights of employees to benefits under this Plan are intended to be legally enforceable, but neither the establishment of the Plan nor any amendment thereof will be construed as granting to any other person (including any provider of services) any legal or equitable right against the United States Postal Service beyond what it otherwise may have under the law. This Plan shall be maintained for the exclusive benefit of employees.

The United States Postal Service intends to continue this Plan as long as the law enables salary reduction contributions to be excluded from income. The continuance of the Plan is purely voluntary on the part of the United States Postal Service, however, and it reserves the right to terminate or amend the Plan at any time consistent with its responsibilities under the law. If the Plan is terminated, you can still be reimbursed for eligible expenses you incur during the Plan year until all your contributions have been utilized under plan provisions.

This brochure gives you a detailed description of this Plan. The complete Plan is a legal document which includes these provisions and others in detail. If this description and the actual provisions of the Plan are inconsistent, the Plan documents will govern.



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# QUESTIONS

*Call the FSA  
Customer Service  
Center*



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*“I signed up for a **2012 Health Care FSA** for \$2,600. Each payday, \$100 went into my account. But my paycheck didn’t go down by \$100. It only went down by \$63. At the end of the year, I’d **saved almost \$1,000 in taxes**, payday by payday. All those doctor bills, dentist visits, eyeglasses, contacts, prescriptions, and over-the-counter supplies would have cost me \$2,600. But because I had an FSA, they only cost me \$1,600. I saved \$1,000! **That’s a real chunk of money.** You can bet I’m enrolling again this open season.”*

**FSA**