

## COMMONLY ASKED QUESTIONS AND ANSWERS ABOUT PARTICIPATION IN A GENESIS GREEN FLEXIBLE SPENDING ACCOUNT PROGRAM

### What is a Flexible Spending Account Program (“FSA”)?

A Flexible Spending Account is an easy way to lower your taxes and increase your spendable income. With a Flexible Spending Account, you set aside part of the money you earn each year before taxes are calculated. Then, that money is paid back to you as reimbursement for health care and/or dependent daycare expenses that you incurred and have to pay out of your own pocket.

### How is that going to lower my taxes?

Payments are made to you from your Flexible Spending Account with no deductions for taxes. Since the money was deposited before taxes, and paid to you tax free, you reduce your taxable income, which in turn lowers your taxes for the year. It is possible for a Flexible Spending Account program to result in an increase of hundreds and in some cases, thousands of dollars in spendable income each year.

### Does this reduction of my taxable income affect any other company benefits?

The amounts payable under other benefit plans (such as Workers’ Compensation Benefits) are based upon the definition of compensation in the plan. While these benefits are not normally affected by participation in this plan, you should check with your employer.

### What kinds of expenses qualify for a Flex Account?

You can establish two different types of separate Flexible Spending Accounts; one for health care expenses and one for dependent daycare expenses. Generally, amounts paid for medical, dental and vision care (defined as amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body), or any expense that qualifies for the federal dependent care tax credit will qualify for under these accounts. Health care insurance premiums are not eligible for reimbursement. A comprehensive list of items eligible for reimbursement is available at [www.GenesisBenefits.net](http://www.GenesisBenefits.net).

### How do I make deposits to my Flex Account?

All deposits to Flex Accounts are through regular payroll deductions, taken out before taxes are withheld.

### How do I receive reimbursements from my Flex Account?

There are two ways to receive reimbursement:

1. Use your Genesis OneCard debit card at the point of service for qualifying health care expenses, or
2. Complete an online claim form and submit it to Genesis. For each claim, you must indicate the person who provided the service, the date the service was provided, and the amount. You must then upload, fax, email or mail supporting documentation (copies of itemized receipts, statements, etc.) to Genesis Employee Benefits.

### How long will it take to get reimbursed when I submit claims?

Claims are processed and reimbursed every business day, and typically take 3-5 business days from your date of submittal until you receive the direct deposit reimbursement to your bank account.

### How much will I receive when I submit a claim?

By law, the Health Account and the Dependent Daycare Account work differently. For the Dependent Daycare Account, you will receive the lesser of the amount you submitted or the balance in your account at the time of reimbursement. If your balance is less, the unreimbursed amount will be reimbursed to you when you make another contribution of sufficient amount to your Dependent Daycare Account. For the Health Account, you will receive the lesser of the amount you submitted or the amount you signed up for in your Health Account for the entire plan year, minus any previous Health reimbursements you received during the plan year.

### OK, so what’s the catch?

Because of the substantial tax benefits involved, the IRS has established numerous rules that apply to Flexible Spending Accounts. You must determine how much money you are going to deposit in your Flexible Spending Accounts for an entire year before the start of each year. This is a critical decision for the following reasons: 1) Once you’ve committed an amount to your Flexible Spending Accounts, you cannot change these amounts during the plan year unless you experience a major change in your job or family status; 2) You cannot use a balance from a Health Account to pay for Dependent Daycare expenses, or vice versa; 3) Money allocated to a Flexible Spending Account for a plan year can only be used for expenses incurred during that plan year and within your period of coverage. Federal law requires that unused funds be forfeited at year end.

**What about claims incurred late in the year?**

It is understood that sometimes when you incur expenses late in the year, it takes some time for those expenses to be processed. **The City of Duluth and Duluth Airport Authority allows for a run-out period of 60 days after the close of each plan year in order to get all of your claims in for the preceding plan year.**

**What happens to my Flex Account if my employment ends during the year?**

You may continue to submit claims for eligible dependent daycare expenses to your Dependent Daycare Account for the remainder of the plan year regardless of whether such expenses were incurred before or after your date of termination. You may continue to submit claims to your Health Account for the remainder of the plan year for claims incurred prior to your date of termination. For health claims incurred after date of termination you need to continue contributions through COBRA in order to use your Health Account.

**Do I have to sign up each year?**

Yes. Your Flexible Spending Account elections automatically stop at the end of each plan year. You must sign up each plan year, even if you don't change your elections.

**When must I decide how much money to allocate to my Flexible Spending Accounts?**

You must enroll in your Flexible Spending Account elections for the coming plan year no later than the **deadline established by the City of Duluth, which is 4:30 p.m., Monday, December 5, 2011.**

**Will the Flexible Spending Accounts affect my future Social Security Benefit?**

Since your Flexible Spending Account deposits reduce the gross wages upon which your FICA taxes are paid, it is possible that the ultimate amount of Social Security payment you receive could be affected, but any such impact is normally minimal. You should consult your personal tax advisor to determine the best approach for you.

**Am I required to use a Flexible Spending Account?**

No. Your participation in this benefit program is completely voluntary. However, because Flexible Spending Accounts result in lower taxes, nearly everyone can save money with a Green FSA.

**Can I request reimbursement of health care expenses and also deduct the same expenses on my income tax return?**

No. You can use the Flexible Spending Account or the itemized deduction, but not both for the same expense.

**Can I request reimbursement of Dependent Daycare expenses and use the federal income tax credit for the same expenses?**

If you use the federal income tax credit, your qualified expenses must be reduced by any Dependent Daycare reimbursement from a Flexible Spending Account. You should consult your personal tax advisor to determine the best approach for you.

**How do I access my account information?**

You can access your account information by logging on to Genesis's Online Tool Kit at [www.GenesisBenefits.net](http://www.GenesisBenefits.net) and clicking on "Participant Login". You will be able to submit and view your claims, your payments, and your account balance. If you wish to speak to a Genesis Customer Care Representative you can call Genesis at (952) 653-4422 or (866) 678-8322 between 7:30 a.m. and 4:30 p.m. Central Standard Time.

**How can I sign up?**

Just complete and submit the FSA enrollment form by the the open enrollment deadline: 4:30 p.m., Monday, December 5, 2011.

Please Note: These questions and answers represent a brief summary of Flexible Spending Account programs and should not be construed as legal or tax advice. If any statement in this document conflicts with the provisions of your formal plan document, the formal plan document will be considered to be correct.

**CONTACT INFORMATION:**

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