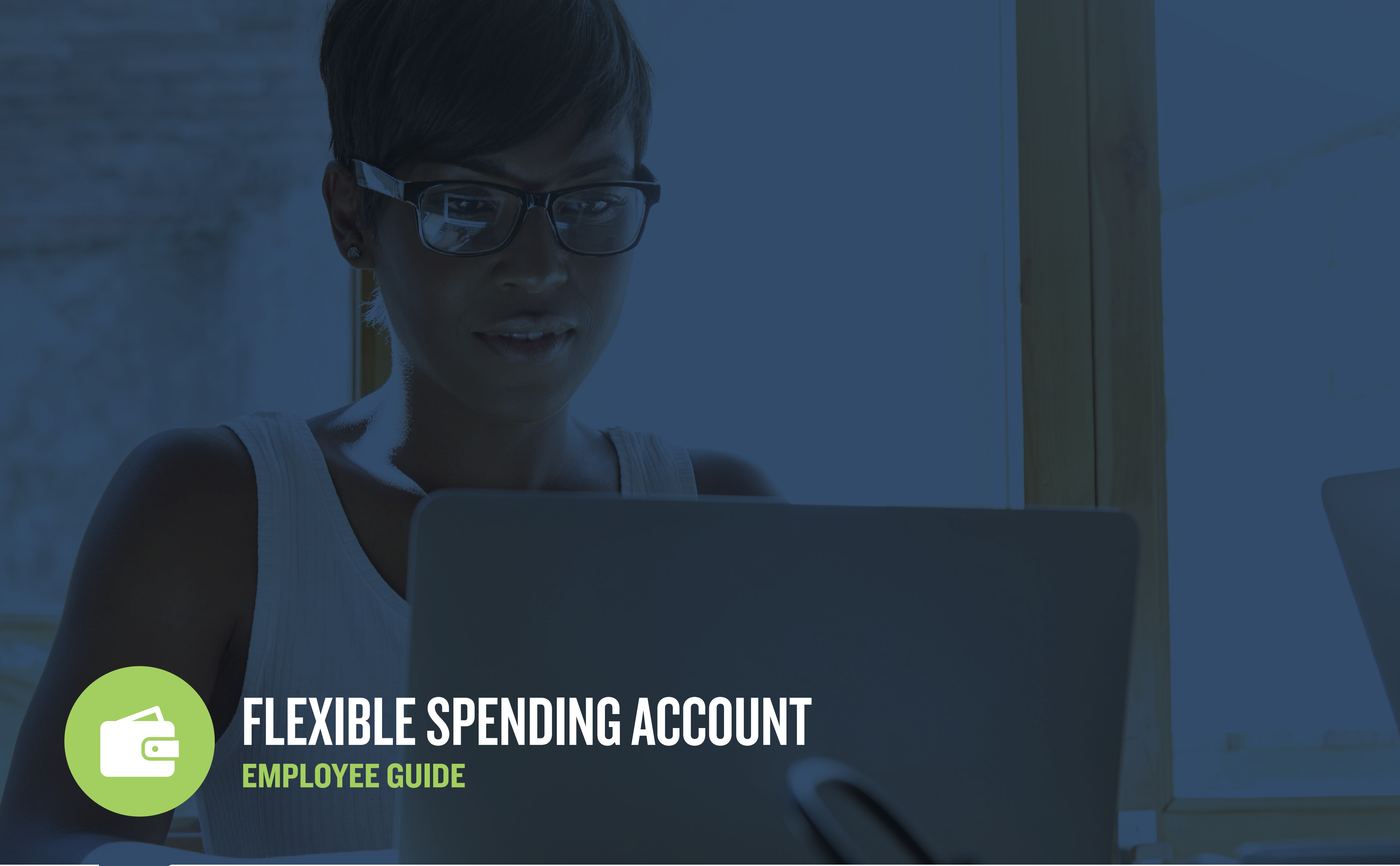


FLEXIBLE SPENDING ACCOUNT

EMPLOYEE GUIDE

Discovery Benefits®

a WEX company

BENEFITS OF AN FSA

Costs for your day-to-day life can pile up each year. You already know that. But did you know there's an opportunity to save on some of your expenses by taking advantage of pre-tax benefits plans?

A Flexible Spending Account (FSA) lets you budget and save for qualified expenses. Your FSA funds are put aside before taxes, which means more money in your pockets.

One of the best perks of an FSA is that all of your funds are available to use at the start of the plan year. That means if you have a big medical expense at the start of the plan year, you can tap into your FSA funds immediately to help cover the cost.

FSAs OFFER MANY BENEFITS.

- Pre-tax savings. The dollars you contribute to an FSA are added pre-tax. For example, if you contribute $2,500 to an FSA during a plan year and pay a tax rate of 30%, you'd save $750.
- Funds available right away. All of your Medical, Limited or Combination FSA funds are available on the first day of the plan year.
- Options. You can use your Medical, Limited or Combination FSA to cover expenses for your spouse, dependents and adult children (through age 26).

HOW IT WORKS

MEDICAL FSA

Pair a traditional health plan with a Medical FSA, which covers eligible medical, dental and vision expenses. The medical expenses must primarily alleviate or prevent a physical or mental defect or illness. **Note:** If you're enrolled in a Health Savings Account (HSA), you're not eligible for a Medical FSA.

Examples of eligible expenses include doctor visits, physical therapy, speech therapy, surgeries, hearing aids, ambulance costs, acupuncture and all Limited FSA eligible expenses.

DEPENDENT CARE FSA

A Dependent Care FSA allows you to put money aside for dependent care for children up to age 13, a disabled dependent of any age or a disabled spouse. To be eligible for a Dependent Care FSA, you and your spouse (if applicable) must work, be looking for work or be full-time students. You can be enrolled in both an HSA and Dependent Care FSA.

Examples of eligible expenses include preschool and after-school care, daycare providers and summer day camps.

THE SAVINGS POWER OF AN FSA

Let's look at an example in the Smith family. Both parents work outside the home. One child attends school; the other goes to a home daycare. Together, the parents make $7,500 per month and claim four exemptions on their income taxes. Look at their monthly take-home pay when they take advantage of a Medical FSA and a Dependent Care FSA!

WITH A MEDICAL FSA/DEPENDENT CARE FSA

COMBINED GROSS MONTHLY SALARY	$7,500
MEDICAL FSA CONTRIBUTION	$208
DEPENDENT CARE FSA CONTRIBUTION	$416
TAXABLE INCOME	$6,876
TAXES	$2,407
NET PAY	$4,469
POST-TAX MEDICAL EXPENSES	$0
POST-TAX DEPENDENT CARE EXPENSES	$0
MONTHLY INCOME	$4,469

WITHOUT A MEDICAL FSA/DEPENDENT CARE FSA

COMBINED GROSS MONTHLY SALARY	$7,500
MEDICAL FSA CONTRIBUTION	$0
DEPENDENT CARE FSA CONTRIBUTION	$0
TAXABLE INCOME	$7,500
TAXES	$2,625
NET PAY	$4,875
POST-TAX MEDICAL EXPENSES	$208
POST-TAX DEPENDENT CARE EXPENSES	$416
MONTHLY INCOME	$4,251

WITH THESE FSAs, THE SMITHS SAVE...

$218/MONTH

$2,616/YEAR

GETTING STARTED WITH AN FSA

PLANNING

Use It or Lose It

The most important step to have success with your FSA is planning ahead. Because the IRS has a “Use or Lose” rule in place for FSAs, funds not spent by the end of a plan year are at risk of being forfeited. **Note:** Your employer’s plan may offer a grace period or carryover to reduce this risk.

To plan ahead with your FSA, you’ll first want to estimate how much you think you’ll spend on qualified expenses throughout the year. Need help determining the amount that’s right for you? Use our FSA Calculator at www.DiscoveryBenefits.com/fsacalculator.

WHAT TO CONSIDER WHEN DETERMINING YOUR FSA ELECTION

Big-ticket expenses

Do you have a major surgery expected for the upcoming plan year? Have children who are keeping you busy with trips to the doctor? These types of expenses will almost certainly lead you to spend the maximum amount allowed to be put into an FSA, which means big pre-tax savings for you.

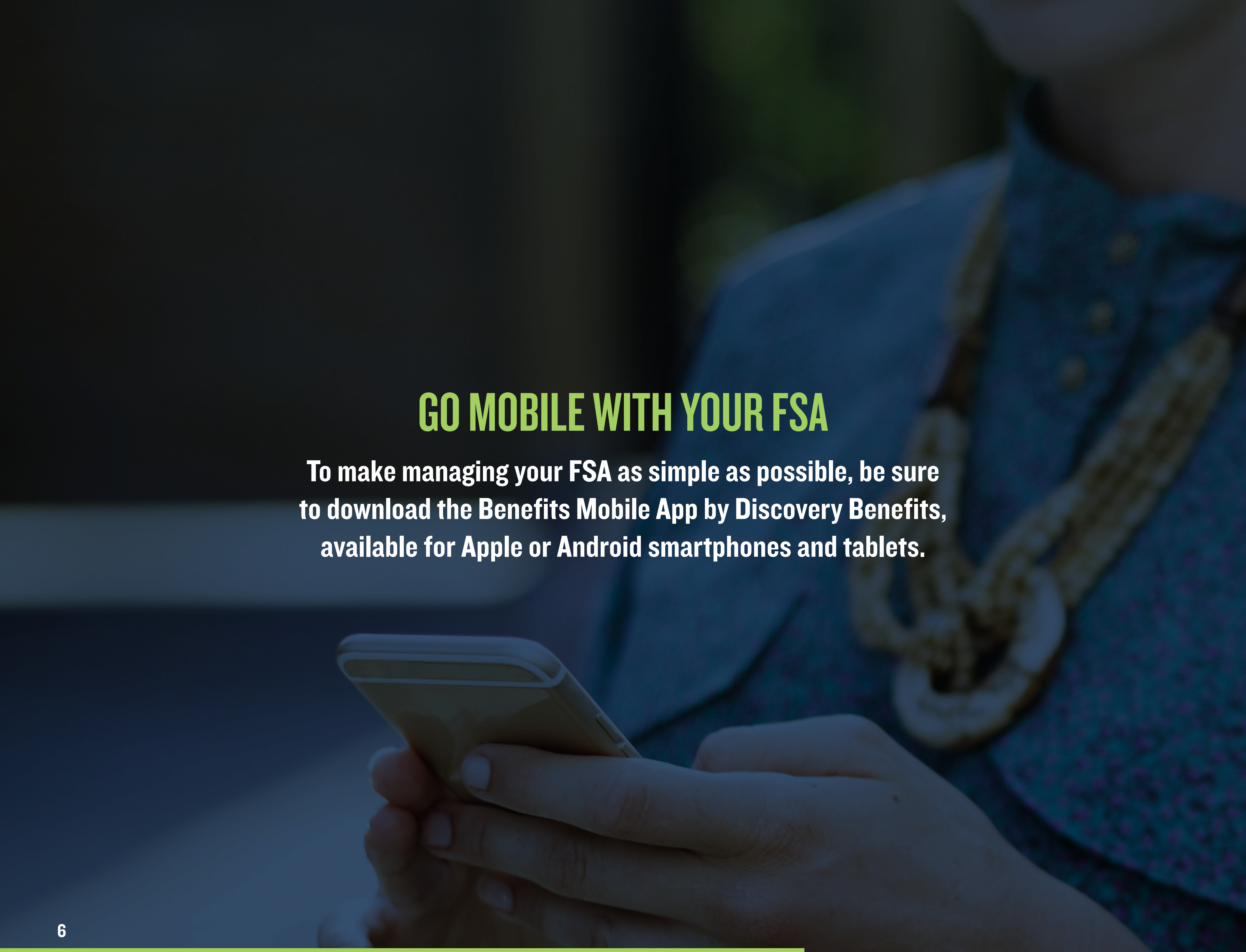
Regular expenses

Items such as dental exams or eye appointments are easy-to-anticipate expenses. Make sure to factor these in when determining your election amount.

MAKING PLAN CHANGES MID-YEAR

There are circumstances — called “qualifying events” — that allow you to make changes to your FSA election in the middle of a plan year. These include:

- Marital status changes
- Number of tax dependent changes (e.g. birth, death, adoption)
- Employment changes (e.g. leave of absence or retirement)
- Dependent doesn’t meet eligibility requirements due to change in age or student status
- Change in residence



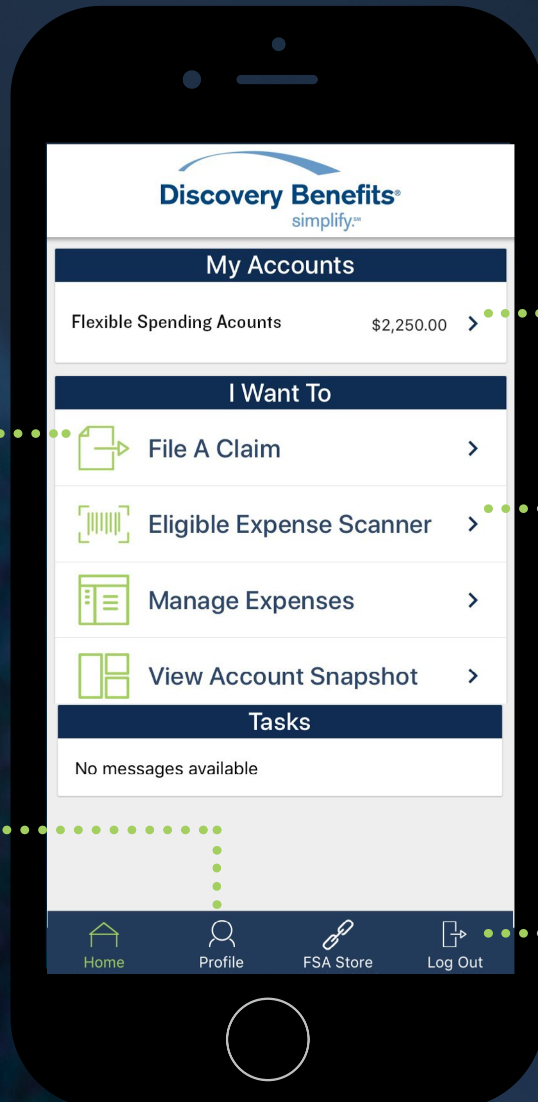
GO MOBILE WITH YOUR FSA

To make managing your FSA as simple as possible, be sure to download the Benefits Mobile App by Discovery Benefits, available for Apple or Android smartphones and tablets.

WITH OUR BENEFITS MOBILE APP, YOU CAN:

GET INSTANT NOTIFICATIONS ON THE STATUS OF YOUR CLAIMS AND UPLOAD DOCUMENTATION IN SECONDS USING YOUR PHONE'S CAMERA.

LOG IN WITH YOUR FINGERPRINT OR REPORT A CARD AS LOST OR STOLEN TO KEEP YOUR ACCOUNT SECURE.



CHECK YOUR BALANCE AND VIEW ACCOUNT ACTIVITY.

SCAN AN ITEM'S BAR CODE WITH YOUR PHONE CAMERA TO DETERMINE IF IT'S AN ELIGIBLE EXPENSE.

RESET LOGIN CREDENTIALS.

DOWNLOAD THE APP FOR FREE ON APPLE AND ANDROID SMARTPHONES AND TABLETS

Download on the App Store

GET IT ON Google Play

SPENDING

ELIGIBLE EXPENSES

In order to pay for an expense using your FSA dollars, that expense has be considered eligible by the IRS. To view our searchable list of eligible expenses, go to www.DiscoveryBenefits.com/eligibleexpenses.

FSA STORE

Need to spend down your balance but not sure what to use your funds on? Discover thousands of eligible FSA expenses at www.DiscoveryBenefits.com/fsastore and make purchases for FSA-eligible items using your pre-tax funds.

THE BENEFITS DEBIT CARD

With the Discovery Benefits debit card, using your FSA dollars has never been easier. It streamlines the process of managing multiple benefits plans with us. One card — that's all you need for all of your plans. You'll receive two cards when you enroll, and you can request additional cards for your spouse and dependents 18 years or older — for free — through your online account.

Handy features

Payments are automatically withdrawn, minimizing out-of-pocket costs. The card's technology ensures that the correct balance is pulled when you swipe it.

WAYS TO SPEND

Swipe your benefits debit card to instantly pay for eligible expenses with funds from your benefits accounts. Where you swipe the card will determine whether any steps are needed after that. In addition to using your benefits debit card to pay for services at your healthcare provider's office, you can also use it at the following types of merchants:

IIAS

Many merchants provide IRS-required information for documentation right at the point of sale through an Inventory Information Approval System (IIAS). An IIAS merchant auto-substantiates the claim, so you won't need to provide additional documentation on qualifying expenses.

90% Merchants

Our debit card also works at pharmacies or drug stores that meet the IRS' 90 percent rule. At least 90 percent of the gross sales at these merchants come from eligible medical expenses.

OTHER WAYS TO USE YOUR FSA INCLUDE:

- Paying up front for FSA-eligible products and services and requesting reimbursement by filing a claim and providing documentation, either through the mobile app or your online account. If you've signed up for direct deposit, you'll get reimbursed faster, as the money will get deposited straight into your bank account. You may also receive a check reimbursement.
- Enrolling in Recurring Dependent Care, which means you only need to submit one reimbursement form per year for each daycare provider used.

QUESTIONS ON USING YOUR FSA?

If you're looking for fast answers to benefits-related questions, find answers from Discovery Answers™. Just log in to your online Discovery Benefits account to get to Discovery Answers™, where you can access a searchable database of help articles, view trending topics and articles and more.

SUBMITTING DOCUMENTATION

SUBSTANTIATE YOUR CLAIMS

To show that expenses incurred are eligible, the IRS requires purchases made with an FSA be substantiated. This process verifies that purchases made with FSA funds meet regulatory requirements.

A good rule of thumb when submitting documentation is to provide your Explanation of Benefits (EOB) document from your insurance provider, as this typically includes all the required information to substantiate an expense.

DOCUMENTATION REQUIREMENTS FOR MEDICAL FSA EXPENSES

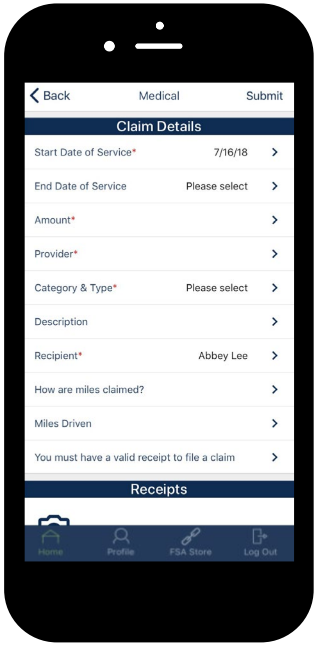
- **Date service was received or purchase was made**
- **Description of service or item purchased**
- **Dollar amount**
- **Provider or store name** (in some cases, a Medical Necessity Form, prescription or physician letter may be required).

DOCUMENTATION REQUIREMENTS FOR DEPENDENT CARE FSA EXPENSES

- **Date(s) of service**
- **Dependent's name**
- **Description of service(s)**
- **Dollar amount**
- **Provider's name, address and tax ID or social security number**

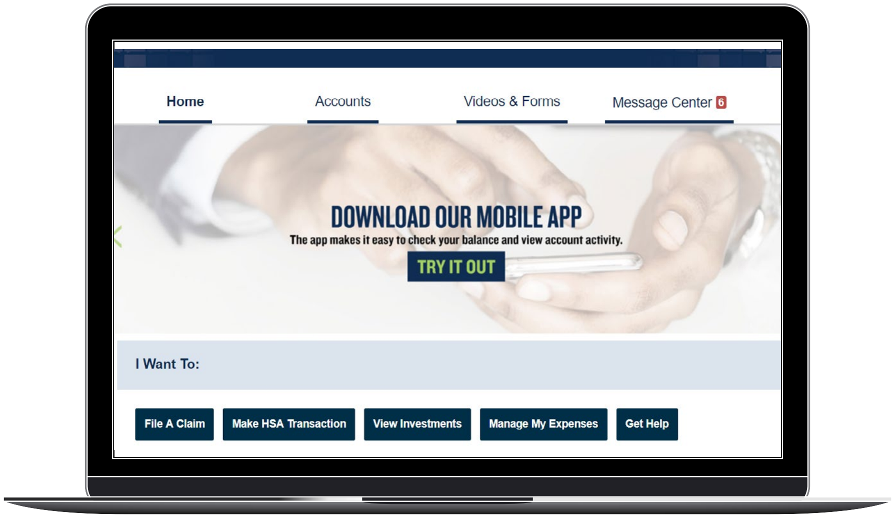
WAYS TO SUBMIT

BENEFITS MOBILE APP



You can submit documentation within minutes using the Benefits Mobile App by Discovery Benefits. Our app is the quickest and easiest method for filing claims and submitting documentation for your FSA purchases because it lets you use your phone's camera to take pictures of documentation and upload it on the spot.

ONLINE ACCOUNT



You can also submit documentation through your online account or via fax or mail. To submit documentation through your online account, log in and follow the prompts you see in the "Receipt(s) Needed" menu under the Home tab. If further documentation is needed beyond what you provide, you'll receive an email if an email address is on file.

RESOURCES

ELIGIBLE EXPENSE LIST
www.DiscoveryBenefits.com/eligibleexpenses

FSA 101 VIDEO
www.DiscoveryBenefits.com/fsa101

FSA CALCULATOR
www.DiscoveryBenefits.com/fsacalculator

BENEFITS MOBILE APP VIDEO
www.DiscoveryBenefits.com/mobileappvideo

ONLINE CHAT
www.DiscoveryBenefits.com

Your Privacy: HIPAA (Health Insurance Portability and Accountability Act) provides rights and protections for participants and beneficiaries in group health plans. Due to these regulations, Discovery Benefits can't disclose personal health information to any unauthorized representatives. To authorize an individual or entity to discuss your account details, complete the Authorized Representative Form. Once the form is approved, any authorized representatives can discuss account details until their authorization is removed.

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