Kirkwood Community College Flexible Spending Plan

Summary Plan Description

The Kirkwood Community College Flexible Spending Plan is a Cafeteria Plan as defined in Section 125 of the Internal Revenue Code and is designed to permit an Eligible Employee to contribute on a pre-tax salary reduction basis to an account for reimbursement of certain Medical Care Expenses and Dependent Care Expenses.

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TAX SAVINGS EXAMPLE

By electing to direct a portion of your salary through the Plan, you essentially use this money to pay for expenses on a TAX-FREE basis that would otherwise be paid out of your take-home pay. **This example shows how the Plan could save this employee $332 in taxes!**

<table>
<thead>
<tr>
<th>Without Plan</th>
<th>With Plan</th>
<th>Savings with Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>Medical expenses run through the Plan</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>Taxable Income</td>
<td>$25,000</td>
<td>$23,800</td>
</tr>
<tr>
<td>Federal Tax*</td>
<td>2,985</td>
<td>2,805</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>790</td>
<td>730</td>
</tr>
<tr>
<td>Social Security (FICA) Tax</td>
<td>1,913</td>
<td>1821</td>
</tr>
<tr>
<td>Pay check After Taxes</td>
<td>$19,312</td>
<td>$18,444</td>
</tr>
<tr>
<td>Expenses not run through the Plan</td>
<td>1,500</td>
<td>300</td>
</tr>
<tr>
<td>Your Spendable Income</td>
<td>17,812</td>
<td>$18,144</td>
</tr>
</tbody>
</table>

**This person could reduce their taxes by $332 by using the FSA!!**

*Notice that not all this employee’s expenses were run through the Plan.
*Estimate based on 15% Marginal Tax Bracket - single with standard deduction
FREQUENTLY ASKED QUESTIONS

Q. WHAT IS THE KIRKWOOD COMMUNITY COLLEGE FLEXIBLE SPENDING PLAN?
The Kirkwood Community College Flexible Spending Plan is a way to pay for certain out-of-pocket (unreimbursed) Medical Care expenses (Health Care Flexible Spending Account) and Dependent Care Expenses (Dependent Care Flexible Spending Account) on a BEFORE-TAX basis!

Q. WHAT DOES “BEFORE TAX” OR “PRE-TAX” MEAN?
Deductions through the Plan from your paycheck are exempt from federal and state income tax and Social Security tax. These deductions reduce your taxable income reported on your W-2 and on your income tax returns.

Q. WHO CAN PARTICIPATE IN THE KIRKWOOD COMMUNITY COLLEGE FLEXIBLE SPENDING PLAN?
All full-time active employees, provided that the election procedures are followed.

The following classes of employees cannot participate in the Kirkwood Community College Flexible Spending Plan:
- Leased employees (as defined by §414(n) of the Code);
- Contract workers and independent contractors;
- Temporary employees and casual employees (Employees hired short-term to meet specific needs of the Employer, as determined in the Employer’s sole discretion); and
- Individuals paid by a temporary or other employment or staffing agency.

Q. WHY SHOULD I PARTICIPATE?
Paying for medical expenses through the Plan can save you as much as 25% - 40% in taxes on each dollar that you spend for your share of insurance deductibles, co-pays, or items not covered by insurance. Also, the Dependent Care Flexible Spending Account may save you more in taxes than the day-care tax credit (filed with your federal income tax return).

Q. IF I REDIRECT PART OF MY PAY, WON’T I MAKE LESS MONEY?
No. Your spendable income will increase by the amount of your tax savings.

Q. WHY SHOULD I PARTICIPATE IN THE HEALTH CARE FLEXIBLE SPENDING ACCOUNT IF I ALREADY HAVE MEDICAL INSURANCE?
The Health Care Flexible Spending Account offers a tax break on Medical Care Expenses NOT reimbursed by insurance. For example, the Health Care Flexible Spending Account covers expenses for office visits, eye exams, glasses, drugs and medications used to treat medical conditions and hospital care that is not covered by Medical Insurance (e.g. co-payments).
Q. HOW MUCH DOES IT COST?
Administrative costs are paid by Kirkwood Community College.

Q. WHAT IS THE CATCH?
No catch. Congress approved FSAs in 1978; the Tax Reform Act of 1986 reaffirmed their legitimacy.

Q. HOW MUCH WILL BE DEDUCTED FROM MY SALARY FOR THE BENEFITS I SELECT?
Your salary reduction amount for a pay period is an amount equal to the annual contribution for the benefits you elected, divided by the number of remaining pay periods in the Plan Year following your effective date. If you increase an election under the Health Care Flexible Spending Account or Dependent Care Flexible Spending Account Plan, your salary reductions per pay period will be an amount equal to your new reimbursement limit elected less the salary reductions made prior to such election change, divided by the number of pay periods remaining in the Plan Year beginning with the election change effective date.

Any increase in your election may include only those expenses that are incurred during the period of coverage on or after the effective date of the increase. Your coverage for the remaining period of the year shall be calculated by adding the amount of contributions made prior to the change to the expected contributions after the effective date of the change and subtracting prior reimbursements.

Q. WHEN CAN I MAKE A CHANGE IN MY ELECTION?
Generally your elections under the Plans are irrevocable for the Plan Year. However, during certain circumstances described below you may be allowed to change your election.

You may change your election if you, your Spouse, or a Dependent experience an event listed below which results in a gain or loss of eligibility for coverage under the Kirkwood Community College Flexible Spending Plan, or a similar plan maintained by your Spouse’s employer or one of your Dependent’s employer and your desired election change corresponds with that gain or loss of coverage.

Events 1 - 5 apply to the Health Care Flexible Spending Account, and the Dependent Care Flexible Spending Account. When these events occur, a change may be made to your election.

1. Your legal marital status changes through marriage, divorce, death, legal separation or annulment.

2. Your number of Dependents changes by reason of birth, adoption (or placement for adoption), or death. If your child no longer qualifies for Dependent care because he or she turned 13, that is considered a loss of a Dependent under the Dependent Care Assistance Plan, but not under any of the other plans.
3. You, your Spouse or any of your Dependents have a change in employment status that affects eligibility under the Kirkwood Community College Flexible Spending Plan or a plan maintained by your Spouse or any Dependent’s employer. If you terminate or take a leave of absence from Kirkwood Community College, you must be gone at least 31 days for termination or leave of absence to qualify.

4. One of your Dependents satisfies or ceases to satisfy the requirements for coverage under the Kirkwood Community College's Plan for unmarried Dependents due to attainment of age, student status or any similar circumstances.

5. You, your Spouse or one of your Dependents changes residence.

Events 6 - 8 apply to the Health Care Flexible Spending Account, but not the Dependent Care Flexible Spending Account. When any of these events take place, a change may be made to your election.

6. You are served with a judgment, decree or court order, including a Qualified Medical Child Support Order ("QMCSO") regarding coverage for a Dependent. If the order requires you to pay for medical expenses not paid by insurance for a Dependent child, then you may add or increase coverage under the Health Care Reimbursement Plan. If the order requires that another person pay for medical expenses not paid by insurance for the Dependent child, then you may drop or reduce coverage under the Health Care Reimbursement Plan.

7. If you, your Spouse or a Dependent become entitled to and covered under Medicare or Medicaid, you may drop or reduce coverage under the Health Care Reimbursement Plan.

8. If you, your Spouse or a Dependent lose eligibility and coverage under Medicare or Medicaid, you may add or increase coverage under the Health Care Reimbursement Plan.

Events 9 - 12 apply only to the Dependent Care Flexible Spending Account. If any of the following events take place, a change may be made to your election.

9. You may change your election to correspond with a change made under another employer-sponsored plan as long as the change made under the other plan was permitted by IRS regulations or was made for a period of coverage that is different from the Kirkwood Community College Flexible Spending Plan.

10. You change Dependent care providers (including school or other free provider). You may make a corresponding change to your Dependent Care Flexible Spending Account and your future salary reductions if you change Dependent care providers.
11. You may make a corresponding change to your Dependent Care Flexible Spending Account and your future salary reductions if your Dependent care provider who is not your relative changes your costs significantly. A relative is any person who is a child, parent, stepchild, sibling, aunt, uncle, cousin, or in-law of the participant.

The election change request must be filed within 31 days of the date of the qualifying event and becomes effective the later of the date of the event and the first of the month following the event and the approval of the request.

If you have questions call ASI at (800) 659-3035.

Q. WHAT IF I'M ALREADY IN THE KIRKWOOD COMMUNITY COLLEGE FLEXIBLE SPENDING PLAN?
Participation in the Health Care Flexible Spending Account and the Dependent Care Flexible Spending Account terminates at the end of each Plan Year. You MUST re-enroll each year to continue your participation.

Q. WHEN DOES PARTICIPATION BEGIN?
After you satisfy the eligibility requirements described above (new Employees may enroll within 30 days of their eligibility date), you become a Participant by signing an Election Form/Salary Reduction Agreement or enrolling on-line. The Election Form/Salary Reduction Agreement will be available during the Open Enrollment Period. You must complete the Election Form/Salary Reduction Agreement and return it to the designated personnel or enroll on-line within the time period specified in the enrollment materials. If you fail to complete, sign and return an Election Form/Salary Reduction Agreement or enroll on-line as required, you will be deemed to have elected cash and will not be able to elect any benefits under the Plan until the next Open Enrollment Period (unless a "Change in Election Event" occurs). Enrollment during the Plan Year is effective the later of their date of hire or the first of the month following enrollment.

Q. WHAT IS THE "OPEN ENROLLMENT PERIOD" AND THE "PLAN YEAR"?
The Open Enrollment Period is the period prior to the beginning of the Plan Year during which you have an opportunity to elect to participate under the Plan by filling out, signing and returning an Election Form/Salary Reduction Agreement or enrolling on-line. You will be notified of the timing and duration of the Open Enrollment Period.

You may choose to enroll in one or more of the benefits offered or to receive your entire compensation in cash.

The Plan Year is the 12 months beginning on each July 1, and ending on June 30 of the following calendar year.
Q. WHAT IF I DON'T USE ALL OF THE MONEY I ELECT IN THE HEALTH CARE FLEXIBLE SPENDING ACCOUNT OR THE DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT?

ASI can help you estimate your allowable expenses for the Plan Year. However, if you have funds remaining in your Health Care Flexible Spending Account at the end of the Plan Year and you were a participant in the Health Care Flexible Spending Account on the last day of the Plan Year, a maximum of $5,000.00 dollars of such unused funds from that account can be carried over to the Grace Period and used to reimburse eligible Medical Care Expenses incurred during the Grace Period. The Grace Period will begin immediately following the Plan Year and will run through September 15th following the end of the Plan Year.

If you have funds remaining in your Dependent Care Flexible Spending Account at the end of the Plan Year and you were a participant in the Dependent Care Flexible Spending Account on the last day of the Plan Year, a maximum of $5,000.00 dollars of such unused funds from that account can be carried over to the Grace Period and used to reimburse eligible Dependent Care Expenses incurred during the Grace Period. The Grace Period will begin immediately following the Plan Year and will run through September 15th following the end of the Plan Year.

If you have unused funds that cannot be carried over to the Grace Period, (e.g. if you have more than $5,000.00 of unused funds in your Dependent Care Flexible Spending Account at the end of the Plan Year, or if you have more than $5,000.00 of unused funds in your Health Care Flexible Spending Account at the end of the Plan Year) or if you have funds remaining in your Health Care Flexible Spending Account or Dependent Care Flexible Spending Account at the end of the Grace Period, that amount will be retained by Kirkwood Community College to help offset Plan expenses.

Q. ARE THERE ANY NEGATIVES THAT I SHOULD KNOW ABOUT?

Yes, because you are not paying Social Security tax on that portion of your income that has been redirected, your Social Security benefits may be slightly reduced. However, if you invest your tax savings, in many cases you would have more money available at retirement than the benefit you would have received from the amount not paid into Social Security.

Expenses reimbursed by the Health Care Reimbursement Plan may not be deducted on your individual income tax return. Likewise, expenses deducted on your income tax return may not be filed for reimbursement through your Health Care Flexible Spending Account.

Additionally, participation in the Dependent Care Assistance Plan is an alternative to taking a “Tax Credit” allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the “Tax Credit” or the Dependent Care Assistance Plan. The IRS will not allow you to receive two tax breaks on the same expenses.
Q. WHEN WILL MY PARTICIPATION IN THE PLAN END?
Your participation will end should you terminate employment with Kirkwood Community College. This means you will no longer be able to make contributions to the Plan. Should you return to work within 30 days during the same Plan Year, your participation will be reinstated as it was. You will have the option of reinstating your coverage at the same annual level you had prior to your termination or reinstating your coverage at the same per pay period amount with a reduced annual amount. Should you chose the same annual amount, your per pay period contributions will be adjusted so that your total contributions for the year will equal your annual coverage amount. Should you return to work after 30 days during the same Plan Year, you may make a new election for the remainder of the Plan Year. Except as specified in the section on Coverage Continuation (COBRA) in the Health Care Reimbursement Plan Summary, expenses incurred while you are not a participant will not qualify for reimbursement. If you do not continue participation in the Health Care Reimbursement Plan, your coverage for qualifying expenses ends on the last day of the month in which you last made a contribution through payroll. You may continue to file for Dependent Care Expenses incurred during the Plan Year after the end of your participation. Your participation will also end at the end of the expiration of the Period of Coverage, if the Plan is terminated, or if you file a false or fraudulent claim for benefits.

Q. WHAT IF I GO ON FMLA?
If you go on FMLA then you can maintain your Health Care Reimbursement Account but not your Dependent Care Assistance Account. Please refer to the FMLA paragraph in the Health Care Reimbursement Summary. If your Health Care Reimbursement Account or Dependent Care Assistance coverage ceases while you are on FMLA leave for any reason (including for non-payment of premiums), then you may re-enter the Health Care Reimbursement Plan or the Dependent Care Assistance Plan upon return from FMLA on the same basis as you were participating prior to the leave. You will be entitled to elect whether to be reinstated in the Health Care Reimbursement Account or the Dependent Care Assistance Account at the same coverage level as in effect before the FMLA leave (with increased contributions for the remaining period of coverage) or at a coverage level that is reduced pro-rata for the period of FMLA leave during which you did not pay premiums. If you elect a coverage level that is reduced pro-rata for the period of FMLA leave, the amount withheld from your Compensation on a payroll-by-payroll basis for the purpose of paying for your Health Care Reimbursement Account or your Dependent Care Assistance Account will be equal to the amount withheld prior to the period of FMLA leave.

Q. HOW CAN I GET ANSWERS TO OTHER QUESTIONS?
Check ASI’s website www.asiflex.com. You can email ASI at asi@asiflex.com or call ASI toll free at 1-800-659-3035 (442-3035 from Columbia, Missouri). A representative is available from 7 a.m. to 7 p.m. Central Time.
Q. HOW QUICKLY WILL MY KIRKWOOD COMMUNITY COLLEGE FLEXIBLE SPENDING PLAN CLAIMS BE PAID?
ASI will process your claim no later than the first banking day following their receipt of the claim. Valid Health Care Flexible Spending Account claims will be paid on the day processed up to your annual election less prior payments. Valid Dependent care claims will be paid on the day processed up to the balance in your Dependent Care Flexible Spending Account. Any excess Dependent care claim will be paid as contributions are received from payroll. If there is a problem with your claim, ASI will notify you on the day the claim is processed either by U.S. Mail or by email.

Q. WHAT HAPPENS IF MY CLAIM FOR REIMBURSEMENT IS DENIED IN WHOLE OR IN PART?
If your claim is denied in whole or in part, the Administrator will notify you in writing within 30 days of the date the Administrator received your claim. (This time period may be extended for an additional 15 days for matters beyond the control of the Administrator, including in cases where a claim is incomplete. The Administrator will provide written notice of any extension, including the reasons for the extension and the date by which a decision by the Administrator is expected to be made. When a claim is incomplete, the extension notice will also specifically describe the information required. You will have 45 days from receipt of the notice in which to provide the specified information. Decision on your claim will be suspended until the specified information is provided.) Notice of a denied claim will include:

(a) The specific reason(s) for the denial;
(b) The specific Plan provision(s) on which the denial is based;
(c) A description of any additional material or information necessary for you to validate the claim and an explanation of why such material or information is necessary; and
(d) Appropriate information on the steps to be taken if you wish to appeal the Administrator’s decision, including your right to submit written comments and have them considered, your right to review relevant documents and other information (upon request and at no charge).

If your claim is denied in whole or part, you (or your authorized representative) may request review upon written application to the Committee (the Benefits Committee that acts on behalf of the Administrator with respect to appeals). Your appeal must be made in writing within 30 days of your receipt of the notice that the claim was denied. If you do not appeal on time, you will lose the right to appeal the denial and the right to file suit in court. Your written appeal should state the reasons that you feel your claim should not have been denied. It should include any additional facts and/or documentation that you feel supports your claim. You will have the opportunity to ask additional questions and make written comments. You may review (upon request and at no charge) documents and other information relevant to your appeal.
Your appeal will be reviewed and decided by the Committee in a reasonable time no later than 60 days after the Committee receives your request for review. The Committee may, in its sole discretion, hold a hearing on the denied claim. Any medical expert consulted in connection with your appeal will be different from and not subordinate to any expert consulted in connection with the initial claim denial. The identity of the medical expert consulted in connection with your appeal will be provided. If the decision on review affirms the initial denial of your claim, you will be furnished with a notice of adverse benefit determination on review setting forth:

(a) The specific reason(s) for the decision on review;
(b) The specific Plan provision(s) on which the decision is based;
(c) A statement of your right to review relevant documents and other information (upon request and at no charge); if an “internal rule, guideline, protocol, or other similar criterion” is relied on in making the decision on review, a description of the specific rule, guideline, protocol, or other similar criterion or a statement that such a rule, guideline, protocol, or other similar criterion was relied on. A copy of such rule, guideline, protocol, or other criterion will be provided free of charge to you upon request.

Q. IS DIRECT DEPOSIT AVAILABLE?
Yes. You may have your claims payments sent directly to your checking, money market or savings account. ASI will send a notice of each payment to you. ASI can send this notice via email, if you prefer. Email and direct deposit provide you with the fastest, safest payment method, as well as the fastest notification method.
HEALTH CARE REIMBURSEMENT PLAN SUMMARY

The Health Care Reimbursement Plan is intended to qualify as a "self-insured medical reimbursement plan" under Code §105, and the Medical Care Expenses reimbursed are intended to be eligible for exclusion from participating Employees’ gross income under Code §105(b). You can elect to participate in the Health Care Reimbursement Plan by completing, signing and returning an Election Form/Salary Reduction Agreement or enrolling online electing:

(a) To receive benefits in the form of reimbursements for Medical Care Expenses (Health Care Flexible Spending Account); and
(b) To pay the contributions for such Health Care Flexible Spending Account on a pre-tax salary reduction basis.

STEPS TO PARTICIPATE IN THE Health Care Reimbursement PLAN

1. **Estimate your family's annual out-of-pocket medical expenses.** You may include expenses for anyone included on your federal tax return (Spouse, children, etc.). Include predictable expenses only.

2. **Enroll in the Health Care Flexible Spending Account.** Divide your estimate by the number of paychecks you expect to receive during the Plan Year. Complete and sign an Enrollment Form or enroll on-line during Open Enrollment Period.

3. **Receive medical services.** A Medical Care Expense is **Incurred** when the services are provided that create the expense. You must receive medical services before you file a claim for those services.

4. **File claims.** After you have received the medical services and know the amount of your responsibility for the bill, you may submit a claim for those expenses to ASI.

5. **Receive reimbursements.** ASI will review your claim, and if approved will reimburse you for the Medical Care Expenses within one business day of their receipt of the claim.

IMPORTANT HEALTH CARE SAVINGS ACCOUNT INFORMATION

| Annual Maximum | $5,000.00 | Annual Minimum | $240.00 |

**Qualifying Medical Expenses** include only those expenses that are defined as medical expenses in Internal Revenue Code §213 and are not reimbursed by any other insurance or another plan. As stated in §213, qualifying Medical Care Expenses include amounts incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. They exclude all insurance
premiums, long-term care expenses, and cosmetic expenses. Refer to IRS Publication 502 for further details on qualifying expenses. You may link to this publication from ASI’s website. The purpose of Publication 502 is to assist people with their income tax filing. It does not address Health Care Reimbursement Plans. However, most of the items listed as deductible in Publication 502 can be claimed through your Health Care Flexible Spending Account. Expenses reimbursed by the Health Care Reimbursement Plan may not be deducted on your income tax return. Expenses deducted on your income tax return may not be filed for reimbursement through your Health Care Flexible Spending Account. You can only claim expenses based on the date Incurred or date of service (not paid as stated in Publication 502). Please contact ASI at asi@asiflex.com, (800) 659-3035 (442-3035 from Columbia, Missouri) if you have any questions regarding particular expenses.

Below is a partial listing of qualified expenses. Remember, expenses can only be claimed based on the date Incurred regardless of the date you are billed or pay for the expense.

- Deductibles
- Co-pays
- Doctor's fees
- Dental expenses
- Vision care expenses
- Prescription glasses
- Contact lenses and solutions
- Corrective eye surgery
- Drugs & Medicines (legal) used to treat a medical condition
- Insulin
- Orthodontia (braces)
- Routine physicals
- Medical equipment
- Hearing aids including batteries
- Transportation expenses related to illness
- Chiropractor's fees
- Over the counter drugs

Non-Qualifying Medical Expenses

This is a partial list of medical related items that do not qualify under the Plan. There may be other items that do not qualify that are not listed here.

- Cosmetic procedures: e.g. face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins
- Sunglasses - non-prescription
- Toiletries
- Medicines, drugs, herbs, or vitamins for general health and not used to treat a specific medical condition
• Expenses that are merely beneficial to your general health (e.g., vacations and vitamins)
• Health club dues (not prescribed for a particular condition)
• Any sort of insurance premiums
• Warranties
• Long-term care expenses
• Prescription Drugs imported from another country
• Breast pumps

Coverage Continuation (“COBRA”) To the extent required by COBRA, a Participant or his/her Spouse or Dependent may elect to continue the coverage elected under the Health Care Reimbursement Plan even though the Participant’s or his/her Spouse’s or Dependent’s election to receive benefits expired or was terminated, under the following circumstances:

(a) Death of the Participant;
(b) Termination (other than for gross misconduct) or a reduction in hours;
(c) Divorce or legal separation of the Participant; or
(d) A Dependent child ceases to be a Dependent under the terms of this Plan.

When the Plan is notified that one of the events has occurred, the right to choose continuation coverage will be provided to each eligible person(s) if, on the date of the qualifying event, the Participant’s remaining benefits for the current Plan Year are greater than the Participant’s remaining contribution payments. The right to elect to continue ends 60 days from the date the notice of the right to continue coverage is provided by the Administrator. It is the responsibility of the Participant or a responsible family member to inform the Administrator of the occurrence of an event described above.

Continuation coverage will not extend beyond the end of the current Plan Year and/or Grace Period and may terminate earlier if the premiums are not paid within 30 days of their due dates. Payments for expenses incurred during any period of continuation shall not be made until the contributions for that period are received by the Administrator. An administrative charge of 2% is assessed for each premium paid for continuation coverage.

Participants on leave under the Family Medical Leave Act (“FMLA”) are entitled to maintain coverage for the Health Care Flexible Spending Account. Payment for coverage during FMLA may be made as follows:

* You may make arrangements with the Human Resources office to pre-pay for coverage during the leave prior to commencing the leave. If your leave lasts
longer than you expected, Kirkwood Community College will take any missed contributions from your first paycheck after you return from leave.

* You may pay for coverage during your leave by making payments directly to the Plan each month.

**Newborns and Mothers Health Protection Act of 1996**

Group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother’s or newborn’s attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the Plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

**Womens Health Cancer Rights Act of 1998:**

The Health Care Reimbursement Plan as required by the Womens Health and Cancer Rights Act of 1998, includes expenses for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). Call (800) 659-3035 for more information.
The Dependent Care Assistance Plan is intended to qualify as a "dependent care assistance program" under Code §129, and the Dependent Care Expenses reimbursed are intended to be eligible for exclusion from participating Employees' gross income under Code §129(a). You can elect to participate in the Dependent Care Assistance Plan by electing:

(a) To receive benefits in the form of reimbursements for Dependent Care Expenses (Dependent Care Flexible Spending Account); and
(b) To pay the contribution for the Dependent Care Flexible Spending Account on a pre-tax salary reduction basis.

STEPS TO PARTICIPATE IN THE Dependent Care Assistance ACCOUNT PLAN:

1. Estimate your total Dependent Care Expenses for the Plan Year. Include predictable expenses only.
2. Enroll in the Dependent Care Assistance Plan. Divide your estimate by the number of paychecks you expect to receive during the Plan Year. Complete and sign an Enrollment Form or enroll on-line during Open Enrollment Period.
3. Receive Dependent care services. Dependent Care Expenses are Incurred when the day care is provided. You must receive the Dependent care services before you file a claim for those services.
4. File claims. After you have received the Dependent care services, you may submit a claim for those expenses to ASI.
5. Receive reimbursements. ASI will review your claim, and if approved will reimburse you within one day of their receipt of your claim up to the amount you have on deposit in your account. If your claim exceeds your available funds, the difference will be recorded and paid as funds become available from payroll.

IMPORTANT Dependent Care Assistance PLAN INFORMATION

Annual Maximum $5,000.00  Annual Minimum $240.00

You and your Spouse together may include up to $5,000.00 per year ($2,500 in the case of a married individual filing a separate tax return for the Plan Year) or the lesser of your (after subtracting all FSA deductions) or your Spouse's earned income for the Plan Year. In the case of a Spouse who is a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself, such Spouse shall be deemed to have earned income of $250 per month if you have one Dependent and $500 per month if you have two or more Dependents.

A Qualifying Individual is your Dependent who is under the age of 13 who lives with you at least one half of the year or your Spouse or an older Dependent who is mentally or
physically incapable of self-care who resides with the you for more than one half of the year and is a qualifying child or relative under Section 152 of the Code. The child of a divorced or separated employee is treated as a qualifying individual of the custodial parent irrespective of who claims the dependency exemption if such child is in the custody of one or both parents for more than half of the calendar year. The child is treated as having been in the custody of the parent who had custody for the greater portion of that year. If the child was not in the custody of one or both parents for more than half of the calendar year, then neither parent can be considered the custodial parent.

A Qualified Provider can provide care in your home or outside your home. If the care is provided outside your home and the facility cares for more than 5 individuals, then it must be licensed by the State. The expenses may not be paid to your Spouse, a child of yours who is under the age of 19 at the end of the year in which the expenses are Incurred, or to an individual for whom you or your Spouse is entitled to a personal tax exemption as a Dependent.

The Dependent Care Flexible Spending Account is an alternative to taking a “tax credit” allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the “Tax Credit” or the Dependent Care Flexible Spending Account. The IRS will not allow you to receive two tax breaks on the same expenses.

- A Tax Credit is allowed for child/Dependent Care Expenses of up to $6,000 per year for two or more Dependents ($3,000 per year for one Dependent). You can file for the "tax credit" on your annual tax return, at the end of the year. The credit is an amount equal to your Dependent Care Expenses multiplied by a percentage determined by your combined adjusted gross income. The percentage decreases from a high of 35% to a low of 20% as your income increases.

- The Dependent Care Assistance Plan allows a tax break on up to $5,000.00 per year, $2,500 if married filing separately, for any number of Dependents: one, two, or more. You will experience "tax savings" throughout the year with every paycheck you receive. Employees who pay federal taxes of 15%, state taxes of approximately 6% and Social Security taxes of 7.65% would save around 28% of expenses through the Dependent Care Flexible Spending Account. As their federal tax percentage rises, they would receive an even higher tax break by using the Dependent Care Flexible Spending Account.

Generally those Employees with a combined family income over $31,000 would have a higher percentage tax break through the Dependent Care Flexible Spending Account. Those employees with a combined income under $31,000 generally would receive a higher percentage tax break utilizing the tax credit. Please contact your tax advisor if you have questions about which is best for you.
You are required to file Schedule 2 with your IRS Form 1040A or Form 2441 with your IRS Form 1040 to support the amount redirected for the calendar year. Please note that this is for informational purposes. You will not pay taxes on the redirected amount. Payments made to you under this category are not taxable, but the amount redirected will appear on your W-2 form. This will inform the IRS that you have received a tax break on that expense through your Dependent Care Flexible Spending Account.

Qualifying Dependent Care Expenses
Qualifying child/Dependent Care Expenses are those that you incur in order for you and your Spouse (if married) to be gainfully employed that are considered to be employment-related expenses under Internal Revenue Code §21(b)(2) to the extent that you or another person (if any) incurring the expense is not reimbursed for the expense through any other Plan. Only expenses incurred for care and well-being qualify for this tax break (kindergarten, education related sports camps, summer school and private school expenses, food and transportation do not). Day camp fees Incurred in order for you to work are allowable but overnight camps are not. Refer to IRS Publication 503 for additional information. You can access this publication from ASI's website. The purpose of Publication 503 is to assist people with their income tax filing. It does not address Dependent Care Flexible Spending Accounts. You can only claim expenses based on the date Incurred (not paid, as stated in Publication 503). Please contact ASI at asi@asiflex.com, (800) 659-3035 (442-3035 from Columbia, Missouri) if you have any questions regarding particular expenses.

Qualifying Expenses are those that enable you to be gainfully employed including:

- Day-care centers
- Babysitters
- Day camps
- Nannies

Non-Qualifying Dependent Care Expenses
This is a partial list of items that do not qualify under the Plan. There may be other items that do not qualify that are not listed here.

- Care that is not Incurred in order for you to work or look for work.
- Kindergarten or other educational expenses.
- Instructional or sport specific camps; e.g. ballet camp, soccer camp, summer school.
- Food, transportation or activity fees.
- Amounts paid to your Spouse or Dependent or to your (or your Spouse’s) son or daughter who is under 19 years old at the end of the year.
- Care for a child for whom you have 50% or less physical custody.
- Overnight camps.
- Care for a child age 13 or older who is not disabled.
- Child support payments.
Allowable expenses must be incurred during the portion of the Plan Year that you are a Participant. In addition, if you were a participant in the Health Care Flexible Spending Account on the last day of the Plan Year, qualified Medical Care Expenses, up to $5,000.00, incurred during the Grace Period will be paid or reimbursed from your unused Health Care Flexible Spending Account balance. The Grace Period will begin immediately following the end of the Plan Year and will run through September 15th following the end of the Plan Year. If you were a participant in the Dependent Care Flexible Spending Account on the last day of the Plan Year, qualified Dependent Care Expenses, up to $5,000.00, incurred during the Grace Period will be paid or reimbursed from your unused Dependent Care Flexible Spending Account balance. The Grace Period will begin immediately following the end of the Plan Year and will run through September 15th following the end of the Plan Year. Claims must be filed by October 31st following the end of the Plan Year. After October 31st, your account will be closed and any balance remaining will be retained by Kirkwood Community College in accordance with federal regulations. If October 31st is a holiday, Saturday, or Sunday, then claims must be filed by the first business day following October 31st.

You must submit a completed claim form along with copies of invoices or statements from the provider to serve as proof that you have incurred an allowable expense in order to receive payment. Statements are required to include:

- (a) The provider’s name;
- (b) The date(s) of service;
- (c) A description of the service(s); and
- (d) The expense amount.

Copies of personal checks and paid receipts, without the above information, are not acceptable. Documentation or copies will not be returned. For over-the-counter items, the receipt or documentation from the store must include the name of the drug printed on the receipt. You must indicate the existing or imminent medical condition (items such as vitamins and nutritional supplements may require a physician’s statement) for which the item will be used on the receipt, on the claim form, or on a separate enclosed statement each time these items are claimed. Purchases for general good health will not be accepted. You will be provided with a supply of claim forms with your enrollment confirmation.
may copy the claim form or obtain extra claim forms from your Human Resources office, by contacting ASI or over the Internet at www.asiflex.com.

You may have the Dependent care provider complete the Dependent care section of the claim form and sign on the line provided in lieu of providing the above documentation for Dependent care claims.

The tax identification number or Social Security number of the child/Dependent care provider should be listed on each of your claim forms. You must provide this number with your federal income tax return. Please check with your childcare provider (before enrolling in this category) to be sure that you are able to obtain their tax I.D. number or his/her Social Security number.

Orthodontic expenses may be assumed to be Incurred at the time a monthly payment is due and paid. These monthly payments must be spread out evenly over the expected period of orthodontic treatment. Claims submitted for orthodontic payments that meet the above are allowable. You may also submit a claim for a reasonable down payment of the orthodontic treatment if the down payment is made at the time the appliances are placed. Claims for payments made prior to being due or that otherwise do not meet the above requirements will not be processed. Claims for the entire fee paid at the beginning of treatment will not be processed, nor will claims for an entire year's payments made at the beginning of the year be processed. To claim orthodontic down payments, you must include a copy of the treatment contract and payment schedule along with proof of payment or a receipt of payment stating the date the braces were placed.

Payment from your Health Care Flexible Spending Account for expenses incurred during the Plan Year will be made up to the approved amount of your claim or your remaining annual election, which ever is less. Payment for expenses incurred during the Grace Period will be made up to the lesser of the approved amount of your claim, your remaining annual election, or $5,000.00 (less prior expenses incurred during the Grace Period). Payment is not limited to the amount in your account at the time of your claim. Your monthly contributions will continue for the remainder of the Plan Year.

Claims during the Grace Period will be processed against the prior Plan Year to the extent you have available funds. Any remaining claims will be processed against the current Plan Year.

Payment from your Dependent Care Flexible Spending Account will be made up to the approved amount of your claim or your current balance, which ever is less. Payment for expenses incurred during the Grace Period will be made up to the lesser of the approved amount of your claim, your current balance, or $5,000.00 (less prior expenses incurred during the Grace Period). Any portion of your claim which is not paid will be paid automatically as money is contributed from payroll. Total payments for the year are restricted to your annual election.
Direct deposit into the bank account of your choice is available for your claim payments. By using direct deposit you will not need to wait for a check to arrive or deposit yourself. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by email. If you prefer, a check can be mailed to you instead of payment by direct deposit.

Email notice If you choose direct deposit, ASI can send your notices of payment directly to your email account.

INTERNET ACCESS

You can access your Health Care Flexible Spending Account and your Dependent Care Flexible Spending Account on the Internet 24 hours a day, 7 days a week. Information is updated every morning to reflect the previous day’s transactions. You can find out if a claim has been processed, a payment has been made or your current balance using the internet access. Information for the current Plan Year is available (the previous Plan Year until October 31st following the end of that Plan Year is available as well). There is no personally identifying information on the internet; which means, this information will be meaningful to you, but not to anyone else.

To access your account:

1. Go to http://www.asiflex.com
2. Click on "Account Detail"
3. Click in the box to the right of "Your FlexPin"
4. Type your Personal Identification Number (PIN). Your PIN is provided on your enrollment confirmation. You can also call ASI at (800) 659-3035 to get your PIN.
5. Click "Submit"
6. Select the Plan Year from the drop down box if available. This box will not be displayed if only one Plan Year is available.
7. Select the category you wish to view if you are enrolled in more than one category. All transactions for the Plan Year are shown through the previous day. Information is updated early each morning.
8. Click "Lookup"
9. Be sure to click "Sign out (or enter another FlexPin)" when you finish. This closes out your account for security purposes.
GENERAL PLAN INFORMATION

The administrator  Kirkwood Community College
6301 Kirkwood Blvd SW
Cedar Rapids, IA 52044
(319) 398-4986

The employer  Kirkwood Community College
6301 Kirkwood Blvd SW
Cedar Rapids, IA 52044
(319) 398-4986

Named Fiduciary  Kirkwood Community College

The name of the Plan is The Kirkwood Community College Flexible Spending Plan. The Plan Number is 501. The provisions of the Plan became effective on July 1, 2007. The Plan is intended to last indefinitely. However, the employer retains the right to amend or terminate the Plan at any time for any reason. Kirkwood Community College’s federal employee tax identification number (EIN) is 42-0924685.

The agent for Service of Legal Process is the Plan Administrator.

The benefit Plan Year is the twelve-month period from July 1 through June 30 of the next calendar year.

Although reprinted within this document, the Health Care Reimbursement Plan and the Dependent Care Assistance Plan are separate plans for purposes of administration and all reporting and nondiscrimination requirements imposed by Code §105 and 129. The Health Care Reimbursement Plan is also a separate plan for purposes of applicable provisions of COBRA.

The Health Care Reimbursement Plan and the Dependent Care Assistance Plan are entirely funded by Employee salary reductions. However, for the purposes of the Plans and the Internal Revenue Code they are considered employer contributions. All of the amounts payable under this Plan shall be paid from the general assets of the employer. Neither Kirkwood Community College nor the Administrator (if other than Kirkwood Community College) will maintain any fund or segregate any amount from general assets for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account or asset of Kirkwood Community College from which any payment under this Plan may be made. There is no trust or other fund from which benefits are paid. While Kirkwood Community College has complete responsibility for the payment of benefits out of its general assets, it may hire an unrelated third party firm to make benefit payments on its behalf. The maximum contributions that may be made under this Plan for a Participant is the total of the maximums that may be elected as employer and Participant contributions for benefits, and
as described in the Health Care Reimbursement Plan Summary and Dependent Care Assistance Plan Summary sections.

Kirkwood Community College has hired ASI to perform certain administrative functions for the Plan. ASI processes all claims for the Health Care Flexible Spending Account and the Dependent Care Flexible Spending Account. If you have any questions concerning claims, please contact ASI, P. O. Box 6044, Columbia, MO 65205, 800-659-3035, email: asi@asiflex.com, on on-line at www.asiflex.com.

It is intended that this Plan meet all applicable requirements of the Code and other federal regulations. In the event of any conflict between this Plan and the Code or other federal regulations, the provisions of the Code and the federal regulations shall be deemed controlling, and any conflicting part of this Plan shall be deemed superseded to the extent of the conflict.

The Plan Administrator shall perform its duties as the Plan Administrator and in its sole discretion, shall determine an appropriate course of action in light of the reason and purpose for which this Plan is established and maintained. In particular, the Plan Administrator shall have full and sole discretionary authority to interpret all Plan documents, and make all interpretive and factual determinations as to whether any individual is entitled to receive any benefit under the terms of this Plan. Any interpretation of the terms of any plan document and any determination of fact adopted by the Plan Administrator shall be final and legally binding on all parties. Any interpretation shall be subject to review only if it is arbitrary, capricious, or otherwise an abuse of discretion. Any review of a final decision or action of the Plan Administrator shall be based only on such evidence presented to or considered by the Plan Administrator at the time it made the decision that is the subject of review. Accepting any benefits or making any claim for benefits under this Plan constitutes agreement with and consent to any decisions that the Plan Administrator makes in its sole discretion and further constitutes agreement to the limited standard and scope of review described by this section.

To the extent permitted by law, the Plan Administrator and other parties assuming a fiduciary or decision making role shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan. The standard shall be one of ordinary care.

Benefits Offered:

- Health Care Reimbursement Plan
- Dependent Care Assistance Plan
GLOSSARY


Dependent: With regard to any health plan a Dependent is a person who is a qualifying child or qualifying relative as defined in Code §152, without regard to the gross income limitations. With regard to the Dependent Care Assistance Plan, a Dependent shall be a qualifying person as defined in Code §21(b)(1), as amended (See also "Qualifying Individual" under the Dependent Care Assistance Plan Summary.) In the case of divorced parents, the child shall be treated as a dependent of the custodial parent as described in Code §21(e)(5).

Dependent Care Expenses: Employment-related expenses as defined in Internal Revenue Code §21(b)(2).

Educational Organization: An organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Election Form/Salary Reduction Agreement: Means the form or Internet web page and online process provided by the Administrator for the purpose of allowing an eligible Employee to participate in this Plan by electing salary reductions to pay for any of the Health Care Reimbursement Plan, and/or Dependent Care Assistance Plan benefits. It includes an agreement pursuant to which an eligible Employee or Participant authorizes the employer to make salary reductions.

Employee: Means an individual that Kirkwood Community College classifies as a common-law employee and who is on Kirkwood Community College W-2 payroll. The term "Employee" does include "former Employees" for the limited purpose of allowing continued eligibility for benefits under the Plan for the remainder of the Plan Year in which an Employee ceases to be employed by the employer.

FMLA: The Family and Medical Leave Act of 1993, as amended.

FSA: An account established under the Health Care Reimbursement Plan or the Dependent Care Assistance Plan.

Grace Period means a period of time as specified by the Employer during which qualified Medical Care Expenses and/or qualified Dependent Care Expenses incurred qualify for payment or reimbursement from benefits or contributions remaining unused at the end of
the immediately preceding Plan year from the Health Care Flexible Spending Account and/or Dependent Care Flexible Spending Account as applicable. Such Grace Period shall extend through September 15th for the Health Care Flexible Spending Account and September 15th for the Dependent Care Flexible Spending Account following the Plan Year to which the Grace Period relates.


Incurred: The date or dates that services or products are provided that give rise to an expense regardless of when the expenses are paid or billed.

Medical Care Expense: An expense incurred by you, your Spouse or a Dependent for "medical care" as defined in Internal Revenue Code Section 213(d). It does not include any insurance premiums or long term care expenses.

QMCSO: A qualified medical child support order, as defined in ERISA § 609(a).

Participant: A person who is an eligible Employee and who is participating in this Plan. Participants include: (a) those who elect Health Care Flexible Spending Account, and/or Dependent Care Flexible Spending Account, and salary reductions to pay for such benefits; and (b) those who elect instead to receive their full salary in cash. The following Employees are excluded from participation:

- Leased employees;
- Contract workers and independent contractors;
- Temporary employees and casual employees;
- Individuals paid by a temporary or other employment or staffing agency; and
- Employees covered under a collective bargaining agreement.

Plan: The Kirkwood Community College Flexible Spending Plan

Plan Year: The Plan Year is from July 1 through June 30 of the next calendar year.

Spouse: A person who is legally married to a participant of the opposite sex as defined under applicable state law.

Student: Student means an individual who during 5 calendar months during the taxable year is a full-time student at an educational organization.
This day care receipt contains the items the Internal Revenue Code requires:

1. It is signed by the provider of service - "I. William See, MD"
2. It contains a description of the services - "Eye Exam"
3. It explicitly states the date of the eye exam - "01/05/04"
4. It includes the amount charged for the exam - "$10.00"; not necessarily the amount paid at the time of service.
5. It identifies the person receiving the eye exam - "Mary Riddick"

Day care documentation must contain all of these items in order to be processed.

Every request and all documentation must contain all the items shown in blue.

Separate dependent care documentation is not required if the provider signs the form after the dependent care section is completed.

The participant must sign the claim form.