M&T Insurance Agency, Inc.

FREQUENTLY ASKED QUESTIONS ABOUT THE FLEXIBLE BENEFIT PLAN

What is the Flexible Benefit Plan?

The Flexible Benefit Plan is an employer-sponsored plan that allows you to pay for certain premiums, eligible medical expenses and dependent care expenses on a pre-tax basis. Paying for these expenses with pre-tax dollars saves you money by lowering your taxable income.

What is the tax advantage of the Flexible Benefit Plan?

The tax advantage of a Flexible Benefit Plan is that you don't pay federal income or Social Security taxes on the money you use to pay for expenses permissible by the plan. In most states, you don't pay state taxes either.

Money is deducted from your paycheck on a pre-tax basis to pay your portion of medical and/or dental plan premium(s) and may be set aside in a Flexible Spending Account (FSA) to pay for eligible medical and dependent daycare expenses.

What other tax consideration should I be aware of?

It is always best to consult your tax advisor to determine how the Flexible Benefit plan may affect your tax situation.

Please be aware that your Social Security benefits may be reduced in the future. Please consult your tax advisor to determine how today's overall tax savings compare to possible reductions in future benefits.

What are eligible Flexible Benefit expenses?

Health Care Reimbursement FSA: You can set aside a certain dollar amount each month to pay for eligible medical expenses. Dollars are deducted from your paycheck on a pre-tax basis and can be used to pay for office visit copays, deductibles, prescription drug copays, eyeglasses and more. Refer to the appropriate section of this newsletter for more information.

Dependent Daycare FSA: This plan allows you to pay for eligible expenses for dependent care on a pre-tax basis. Care must be for a qualifying individual that allows you and your spouse to work or look for work. Read on for more information.

How much money can be set aside in my Health Care Reimbursement FSA and Dependent Daycare FSA?

Health Care Reimbursement FSA: $2,500 maximum per plan year.

Dependent Care FSA: $5,000 per plan year maximum if married filing jointly or $2,500 per plan year maximum if single or married but filing separately.

You should only set aside amounts that you expect to *incur* during the plan year, July 1st through June 30th. Amounts can include expenses for yourself, your spouse or your dependents as long as you claim them as a dependent.

If you participate in both FSA accounts, please be aware that dollars cannot be commingled between accounts.

Any amounts left in your account at the end of the plan year will be forfeited; essentially use-it-or-lose-it. Therefore, please plan carefully when making your election. It cannot be changed during the plan year unless you have a qualified status change.

Can I change my annual election?

Once you've made your annual election amount at the beginning of the plan year, it cannot be changed unless you experience a *qualified status change*. Any changes you make to your election must correspond with the qualified status change.

Please refer to the Summary Plan Description for a full explanation of qualified status changes allowed by the plan. Examples are:

- Marriage
- Divorce or legal separation
- Birth of a child
- Adoption of a child
- Death of spouse or dependent
- Termination or commencement of employment
- Changing from full-time to part-time or vice versa

If I had an election in prior year, will that same election carry over to the following plan year?

No, you need to make a new election for each plan year.

What are the rules for the Dependent Daycare FSA?

Gainfully employed: IRS regulations require that both you and your spouse must be gainfully employed. Expenses must be incurred in order for you and your spouse to work, look for work or be a full-time student.

Care must be for a qualifying individual: The individual who receives care must be under the age of 13, physically or mentally incapable of self-care, or a spouse who is physically or mentally incapable of self-care and has the same principal place of abode for more than half of the year.

Can I also claim a dependent care tax credit or deduction?

No, this is considered "double-dipping" and is not allowed. You should determine which of the two is most advantageous to you: the tax deduction/credit or the Dependent Daycare FSA. As well, you cannot be reimbursed for these expenses from another source.

Can FSA dollars be used to pay for over-the-counter medications?

Drugs purchased to alleviate or treat personal injuries or sickness qualify as medical care expenses (allergy medicine, pain reliever, cold medicine). However, items purchased for the promotion of general health do not qualify (diet supplements, toiletries, vitamins).

May I use my FSA to pay for health insurance premiums?

You cannot use your FSA dollars to pay for health insurance premiums.

What is my plan year?

Your plan year is from July 1st to June 30th.

Can I participate in my employer's Health Care Reimbursement FSA if I am also covered by my spouse's insurance?

Yes.

How do I get reimbursement from my FSA account?

Once you have incurred an eligible expense, you must submit a claim reimbursement request form to M & T with proper documentation. M & T will process your claim and provide you reimbursement via paper check mailed to your residence or by direct deposit if desired. Reimbursements are processed every Friday.

How do I submit a claim to M & T Insurance Agency, Inc.?

Claims can be faxed to 1-877-767-8685 or mailed to PO Box 111700; Carrollton TX 75011-1700.

Once I submit a claim, how long will it take to get reimbursed?

Reimbursements are processed daily. M & T makes every attempt to process all claims that are received up to the morning of your processing day. At various times of the year, such as the end of the December and the end of March, claim volume is extremely high. Please allow two days for processing of any claims submitted.

When should I request reimbursement from my FSA account?

Once you have incurred an eligible expense, you may submit a claim for reimbursement.

You have until August 30th to submit eligible expenses incurred during the previous plan year. Any amounts left in your account after this date will be forfeited.

What documentation do I need to provide with my claim reimbursement request form?

Proper documentation includes itemized receipts or a statement from your provider indicating that an expense had been incurred and the amount of the expense. A voided check is not considered proper documentation. All documentation should include the date of service, or in the case of eligible purchases you make, the date of purchase.

For dependent care expenses, proper documentation can be in the form of the provider's signature on your claim form, verifying the date and cost of service. Also, a formal or informal bill or statement from your provider is sufficient.

I submitted a claim for reimbursement, but I haven't received my reimbursement yet. What should I do?

Please contact M & T Insurance Agency, Inc. at 1-855-680-0897 to check on the status of your claim.

What happens if I submit a request for reimbursement for an expense that is not eligible, or if I do not submit the appropriate documentation?

M & T reviews all claims for appropriate expenses and documentation. If there is an expense on your claim form that is not eligible or does not have adequate documentation, M & T will send you a letter explaining what the issue is with that expense and what steps you will need to take for reimbursement to be completed (provided the expense is eligible).

I submitted a doctor's note of medical necessity for an expense last year. Why am I being asked to submit a note again this year?

Typically, prescriptions written by physicians are only good for one year. You will need to submit a new prescription each year to replace the expired prescription. In addition, several expenses that require a doctor's note (i.e. weight loss treatments, health club memberships, massages) are only eligible as long as the condition that the expense was incurred to alleviate still exists. Once the condition no longer exists, that expense is no longer eligible. For example, if a doctor prescribes a weight-loss program to treat an obese patient, once that patient is no longer obese by medical definition, the weight-loss program will no longer be an eligible expense.

Does M & T offer direct deposit as a form of reimbursement?

Yes. You will need to complete a direct deposit enrollment form and submit it to M & T, along with a copy of a voided check (deposit slips are not accepted) to set up direct deposit. M & T makes every attempt to set up direct deposits as they are received, but please allow up to 10 business days for the set up to clear the bank.

Do I need to sign up for direct deposit each year?

No, once you are set up for direct deposit it will stay in place until M & T receives written notification from you to cancel your direct deposit. You do not need to complete a direct deposit form each year.

What if I want to change my account that my reimbursements are deposited into?

There is a section on the direct deposit form where you can indicate that you are changing your account information, or you are canceling your direct deposit.

What if I don't use all of my election by the end of the plan year?

You forfeit any unused funds at the end of the plan year.

What if I terminate employment from the company and still have money in my FSA?

You have 90 days from the date of your termination to submit eligible expenses that were *incurred* during your employment. Any services incurred after your date of termination cannot be reimbursed by your account. Any amounts left in your account after the plan year and run-out period will be forfeited.

Under certain circumstances, you *may* be able to continue your participation in the Health Care Reimbursement FSA by electing COBRA continuation of this benefit. If the plan allows you COBRA continuation of this benefit, M & T will communicate this opportunity to you.

Whom may I call if I have further questions?

M & T Insurance Agency, Inc. Customer Service 1-855-680-0897.