

# Dependent Care Flexible Spending Account Summary Plan Description

UNIVERSITY  
OF  
CALIFORNIA

## **KEY DEADLINES**

### **BETWEEN JANUARY 1 OF THE PLAN YEAR AND MARCH 15 OF THE FOLLOWING YEAR**

- Use the funds in your DepCare FSA to pay for eligible expenses you incurred during this period; you'll lose any money you contributed but didn't use.

### **BY APRIL 15 OF THE YEAR FOLLOWING THE PLAN YEAR**

- Submit your claims for reimbursement; otherwise you'll lose any funds remaining in your account.

### **OPEN ENROLLMENT (OCTOBER/NOVEMBER)**

- Sign up for DepCare FSA for the following year

Making sure that your child or other loved one is well cared for while you're working can sometimes be costly. Fortunately, the university's Dependent Care Flexible Spending Account (DepCare FSA) allows you to set aside pre-tax money each year for dependent care expenses, helping you budget for these costs and saving you money on taxes.

# How the DepCare FSA Works

You decide each year how much you want to contribute to your DepCare Flexible Spending Account (FSA). The amount you specify is taken in monthly installments from your paycheck, before federal, Social Security (FICA) and most state taxes are calculated.

You may use the money for eligible expenses you incur during the plan year (from Jan. 1 through Dec. 31) and the grace period (through March 15 of the following year). You pay your dependent care expenses as usual, then submit claim forms and receipts to CONEXIS, the company that administers the FSA for UC. CONEXIS will send you a reimbursement for the amount of the claim, or for the amount remaining in your DepCare FSA, if less.

You need to submit all claims by April 15 of the following year.

Because your DepCare FSA contributions reduce your taxable income, participation will lower your taxes. For example, if you're in a 20 percent tax bracket, each \$100 you contribute can save you \$20 in taxes. Check with your tax advisor for the details that apply to your situation.

**Choose your contribution level carefully, because any money left in your account will be forfeited.** You can use the online FSA calculator at [uc.conexisfsa.com/FSA\\_Savings\\_Calculator.html](http://uc.conexisfsa.com/FSA_Savings_Calculator.html) to estimate your expenses. Don't forget to take into account summer months when child care may not be needed, the date your child turns 13 and any other circumstances that might affect your contribution levels.

You might be able to reduce your taxes even more by using the dependent care tax credit instead of, or in addition to, the DepCare FSA. The tax credit is a percentage of allowable expenses; the percentage varies according to your income level. Any expenses reimbursed via the DepCare FSA will reduce the expenses eligible for the tax credit. It's best to consult your tax advisor for help figuring out the best option. You can also consult IRS Publication 503, *Child and Dependent Care Expenses*, available through the IRS website or by calling the IRS toll-free at 800-829-1040.

## ELIGIBILITY

If you have Full, Mid-Level, or Core benefits, you're eligible to participate in the DepCare FSA.

If you are married, both you and your spouse must have earned income in order to participate, unless your spouse is incapable of self-care or is a full-time student. (See "How Much You Can Contribute," on page 5, for more about this.)

If you're an academic student employee or graduate student researcher, you're eligible to participate in the DepCare FSA for Academic Student Employees (ASEs), which is for both represented and non-represented ASEs, including graduate student researchers. For represented employees, continuing participation beyond Sept. 20 of each calendar year will be subject to ongoing negotiation.

To learn more about the DepCare FSA for Academic Student Employees, please see [ucal.us/DepCareforASE](http://ucal.us/DepCareforASE)

## WHEN TO SIGN UP

You need to enroll each year if you want to participate. You may enroll when you first become eligible, usually during your first 31 days as a newly eligible employee. After that, you must sign up each year during Open Enrollment, usually in November, if you want to continue to participate.

You may also enroll at other times during the year if you have a family or employment status change. See the chart, "Midyear Changes Allowed for the DepCare FSA," on page 9 for details on allowable changes.

## WHEN COVERAGE BEGINS

If you enroll when you're first eligible or after a family or employment change, your coverage starts the first day of the month following your enrollment, subject to payroll deadlines. If you enroll midyear, expenses incurred before your coverage begins aren't eligible.

If you sign up during Open Enrollment in the fall, coverage begins the following Jan. 1.

## DEPENDENTS ELIGIBLE FOR COVERAGE

You may use the funds in your DepCare FSA to cover expenses for these eligible dependents:

- Your children up to age 13 who are in your custody and claimed as dependents on your tax return
- A spouse who is physically or mentally incapable of self-care
- A dependent who lives with you—such as a child 13 or older, parent, sibling, in-law or domestic partner—who is physically or mentally incapable of self-care and claimed as a dependent on your tax return

If care is provided outside your home for a spouse or dependent over age 13 who is incapable of self-care, the spouse or dependent must live in your home at least eight hours a day.

### IF YOU'RE DIVORCED

If you have custody of your child, he or she is eligible for DepCare FSA coverage even if you don't claim the child as a tax dependent. If you don't have custody, you can't be reimbursed under a dependent care FSA, even if you claim the child as a tax dependent.

### HOW MUCH YOU CAN CONTRIBUTE

The minimum annual contribution is \$180.

The maximum is the lesser of:

- \$5,000 per plan year (\$2,500 if you are married and filing a separate income tax return)
- Your total earned income
- Your spouse's total earned income

In general, the maximum contribution limits are the same regardless of the number of dependents you have, and whether you are single or married. If your spouse is also eligible to participate in a dependent care FSA, your combined contributions should not exceed these maximums. This also applies if you and your spouse both work at UC.

If your spouse is incapable of self-care or is a full-time student\* and you claim one dependent, his or her earned income is considered to be at least \$250 per month (\$3,000/year). If this is your situation, then your maximum contribution is likely to be \$3,000. If your spouse is incapable of self-care or a full-time student and you claim two or more dependents, your spouse's earned income is considered to be at least \$300 per month, or \$6,000/year.

Under certain circumstance, the IRS does not consider you married for the purposes of the DepCare FSA program. If your situation falls into one of the following categories, then your spouse's income can't be considered in determining your maximum allowable contribution to the DepCare FSA:

- You are legally separated or divorced or
- You are married but your spouse has not lived in your household during the last six months of the tax year and you:
  - File a separate tax return
  - Maintain a household that is the principal residence of the qualifying dependent for more than half the taxable year and
  - Pay over half the cost of maintaining your home for this year

### ELIGIBLE AND INELIGIBLE EXPENSES

The Internal Revenue Code, sections 21 and 29, sets these rules determining which expenses can be paid with your DepCare FSA funds:

- The care must be for an eligible dependent and be necessary so that you—and your spouse, if you're married—can work or look for work. (You must have work income during the year.) Or, if your spouse is not working or seeking work, he or she must be a full-time student or incapable of self-care.
- If care is provided in a day care center, the center must charge a fee. If the center cares for six or more dependents who don't reside there, it must comply with all state and local licensing laws and applicable regulations.

Some examples of eligible expenses for qualifying dependents include:

- Before- and afterschool care
- Preschool and nursery school expenses
- Extended day programs
- Au pair and nanny services (the amounts paid for the care of the dependent)
- Babysitting expenses (both in and outside of your home)
- Summer day camp for a child under 13
- Elder day care expenses

#### Use It or Lose It

Remember that any money you don't use during the year and its grace period will be forfeited—so it's important to estimate your expenses carefully. You can't roll your unused funds over to the next year, nor can you receive the unused portion in cash. Check out the online calculator at [uc.conexisfsa.com/FSA\\_Savings\\_Calculator.html](http://uc.conexisfsa.com/FSA_Savings_Calculator.html) to estimate your expenses.

\* To be considered a full-time student, your spouse must attend school for at least five calendar months, for the number of hours considered by the school to be full-time. The months need not be consecutive.

# How the DepCare FSA Works

Some examples of ineligible expenses include:

- Amounts paid to your spouse, your child under age 19, a parent of your child who is not your spouse, or a person for whom you or your spouse is entitled to claim as a dependent on your tax return
- Expenses attributable to a disabled spouse or tax dependent living outside your household
- Educational expenses
- Tuition for kindergarten and above
- Food expenses, unless inseparable from care
- Incidental expenses such as extra charges for special events or activities, unless inseparable from care
- Overnight camp

For a detailed list of eligible and ineligible expenses, please see the CONEXIS website at [uc.conexisfsa.com](http://uc.conexisfsa.com).

Expenses are considered to have been incurred when the care is provided—not when you are billed, charged, or pay for it.

CONEXIS's acceptance of an expense doesn't assure IRS approval of the expenses. It's your responsibility to make sure that any expenses you submit are eligible under the IRS rules.

## Do You Work Part-Time?

If so, when filing your DepCare claims you'll need to allocate your expenses between your working and non-working days; generally, you can use your DepCare funds only to cover expenses for your working days.

For example, say that you work three days a week and your child is in day care five days a week, at a cost of \$300 per week, or \$60 per day. You may only claim \$180 worth of expenses (\$60 per day for the three days you work).

There is an exception: If your dependent care provider requires that you pay the full weekly fee regardless of the number of days that care is actually provided, then the full expense is considered employment-related and would be covered.

## HOW TO ENROLL

If you're a newly eligible employee, or during Open Enrollment, you may enroll by logging in to your account on At Your Service Online, at <https://atyourserviceonline.ucop.edu/ayso>. Otherwise, you'll need to fill out the UPAY 850 form, available here: [ucal.us/UPAY850](http://ucal.us/UPAY850). If you're an academic student employee or graduate student researcher, you should use the UPAY 919—ASE/GSR form: [ucnet.universityofcalifornia.edu/forms/pdf/upay-919-ase-gsr.pdf](http://ucnet.universityofcalifornia.edu/forms/pdf/upay-919-ase-gsr.pdf).

## HOW TO TRACK YOUR BALANCE

You can check your balance anytime online at [mybenefits.conexis.com](http://mybenefits.conexis.com), or with CONEXIS's automated phone service at 800-482-4120. Each time a reimbursement is issued, you'll receive an Explanation of Benefits that reflects your current account balance. At year's end, you'll receive a statement with a complete summary of your balance.

## HOW TO CHANGE OR CANCEL CONTRIBUTIONS

Certain changes to your family or employment status may allow you a new 31-day window during which you may start or cancel participation, or change your contribution amount. The chart, "Midyear Changes Allowed for the DepCare FSA," page 9, shows the details. The changes you make to your participation in the plan must be made on account of, and consistent with, the change(s) in your family or employment. You can't make changes retroactively.

To make a change, complete the UPAY 850 form, available at [ucal.us/UPAY850](http://ucal.us/UPAY850). Fill out "Section 6, Health and DepCare FSA" and return the form to your Payroll or Benefits Office.

# How to Get Reimbursed

You'll need to fill out a claim form and, in some cases, provide appropriate documentation to substantiate your expense. If the employee and provider certifications on the claim form are completed and signed, no additional documentation is required. If the provider certification isn't completed and signed, you'll need to submit an itemized statement from the provider that includes:

- The start and end dates of service
- The name(s) and date(s) of birth of your dependent(s)
- An itemization of charges
- The provider's name, address and tax identification or Social Security number

If your expenses aren't clearly eligible, CONEXIS may ask you for additional information to determine whether reimbursement is allowed.

You may file your claim form and documentation in one of three ways:

## ONLINE

Log in to your account at [mybenefits.conexis.com](https://mybenefits.conexis.com), download and complete a reimbursement form, then scan and upload the form and your supporting documentation.

## BY FAX

Submit your completed reimbursement form and supporting documentation using the fax number listed on the form.

## BY MAIL

Send the completed reimbursement form and supporting documentation to the address on the form.

Whichever method you use, don't forget to sign the claim form.

If your claim is more than the balance in your account, CONEXIS will reimburse you up to the amount of your balance and hold your claim until the next contribution is deposited in your account. You don't need to re-file the claim.

Remember that you'll need to file all your claims and documentation by April 15 of the year following the plan year. If you don't, you'll lose any money left in your account. Mailed claims must be postmarked by April 15; you may also fax claims to the number on the form.

Reimbursement should happen quickly, as CONEXIS has established a daily payment schedule for the DepCare FSA. Once your request has been reviewed and approved, it will be scheduled for payment and your reimbursement will be issued the next business day. If you prefer direct deposit, you can set it up by logging in to your account at [mybenefits.conexis.com](https://mybenefits.conexis.com).

If you enroll two years in a row and have a balance left from the first year on December 31, that balance will be used first for any expenses you incur during your first-year grace period (from Jan. 1 through March 15 of year two).

## TIP

When you file your federal tax return, you'll need to list each care provider's name, address and taxpayer identification number (usually the Social Security number). If your provider is a nonprofit organization under IRC 501(c)(3), such as a day care center operated by a nonprofit religious or educational group, you should indicate "tax exempt."

# Other Important Things to Know About the DepCare FSA

## **IMPLICATIONS FOR SOCIAL SECURITY, RETIREMENT PLANS AND UNEMPLOYMENT**

Your contributions to the DepCare FSA, because they're made on a pretax basis, lower the earnings on which your Social Security taxes are based. This means your future Social Security earnings may be reduced. (If your earnings after your DepCare FSA contributions are above the Social Security wage base—for 2016, \$118,500—there will be little to no effect on your benefits.) Your pretax DepCare FSA contributions may also reduce the earnings used to calculate your unemployment insurance benefits.

Your DepCare FSA contributions don't affect the wages used to calculate your UCRP contributions or benefits; nor do they affect your Tax-Deferred 403(b) Plan or 457(b) Deferred Compensation Plan maximum annual contribution amounts.

## **HOW TO APPEAL A CLAIM**

If CONEXIS denies a claim in whole or in part, it will provide you with a written explanation within three business days of receiving your request for reimbursement. If the claim was denied because it is not consistent with the terms of the plan—for example, because the expense was ineligible or the claim submitted after the deadline—CONEXIS handles the appeal. You'll need to request an appeal within 180 days of receiving the denial by writing to:

CONEXIS  
Attn: Claims Appeals  
P.O. Box 223565  
Dallas, TX 75222-3565

You should state all the reasons and supporting facts upon which your appeal is based, along with any other information you consider relevant. Generally, CONEXIS will respond within 30 days of receiving your request or (if later) within 30 days of receiving any additional materials requested from you, your UC location or another relevant party. It's possible, however, that CONEXIS may require a longer period of review. CONEXIS's decision on appeal is final.

If your claim is denied because CONEXIS finds that you or a family member do not meet the eligibility requirements, the Plan Administrator will handle the appeal. Under these circumstances, your request for an appeal should be directed to:

Plan Administrator  
Attn: Eligibility Appeal  
P.O. Box 24570  
Oakland, CA 94623-1570

Generally, the Plan Administrator will respond to your request within 120 days of receiving your request or (if later) within 60 days of receiving any additional materials requested from you,

your UC location or another relevant party. It's possible, however, that the Plan Administrator may require a longer period of review. The Plan Administrator's decision on appeal is final.

## **WHEN COVERAGE ENDS**

Any expenses you incur after your DepCare FSA participation ends aren't eligible for reimbursement. Here are the details of when coverage may end, depending on your circumstances:

### **IF YOU DON'T RE-ENROLL**

If you decide not to re-enroll during Open Enrollment, your participation ends at the end of the plan year (Dec. 31). However, you can incur expenses and use remaining funds left in your account through March 15 of the following year, referred to as the grace period.

### **LEAVING UC EMPLOYMENT**

If you leave UC employment, your participation will end at the end of the month in which you separate. For instance, if your UC job ends on April 15, your coverage ends April 30.

### **RETIREMENT**

If you retire immediately after leaving your job, your participation ends the month in which you retire. For instance, if you retire effective April 15, your coverage ends April 30.

### **LEAVES WITHOUT PAY**

If you go on a leave without pay, your participation in the DepCare FSA will end the last day of the pay period following the pay period in which you end employment or begin your leave. For instance, if you leave UC employment in April, your last DepCare FSA contribution is taken from your April earnings and your coverage ends May 31.

If your leave was for less than 120 days and you return in the same plan year, you may enroll in the DepCare FSA with the same annual contribution as before your leave. However, if you've experienced a change in status, such as adding a dependent or changing your care provider, you may choose a new contribution; see the table "Midyear Changes Allowed for the DepCare FSA" on page 9 for details. If your leave was 120 days or longer, or you return in a new plan year, you may choose a new annual contribution.

### **TEMPORARY LAYOFF**

When you begin a temporary layoff, your contributions to the DepCare FSA stop. Your participation ends on the last day of the pay period following the pay period during which you go on leave. While you're laid off, you may continue to submit claims for eligible expenses you incurred before the layoff; expenses incurred during the layoff period generally aren't eligible. You and your spouse must be working or looking for work to participate in the DepCare FSA.



# Midyear Changes Allowed for the DepCare FSA

In this table:

- “Dependent” means these individuals, as long as they live with you, and, except for a child under age 13, are physically or mentally incapable of self-care:
  - Your legal spouse
  - Anyone you claim as a federal tax dependent, such as:
    - Your child under age 13 in your custody
    - Your child age 13 or older, domestic partner, parent, sibling or in-law if claimed as a dependent on your tax return
- “Dependent care FSA” means a dependent care flexible spending account

Event	Actions Allowed			
	Enroll	Increase Contribution	De-enroll	Decrease Contribution
<b>Change in your marital status</b>				
You marry and gain an eligible dependent	Yes	Yes	No	No
You marry and your spouse is either not employed or is enrolled in his or her own employer's dependent care FSA	No	No	Yes	Yes
You lose your spouse through death, divorce, legal separation or annulment and your spouse was enrolled in his or her own employer's dependent care FSA	Yes	Yes	No	No
<b>Gain or loss of a dependent</b>				
You gain an eligible dependent (for example, through birth, adoption or your spouse becomes incapable of self-care)	Yes	Yes	No	No
You lose an eligible dependent (for example, through death, a child reaches age 13 or a child is no longer a tax dependent)	No	No	Yes	Yes
<b>Change in employment status of spouse that affects benefits eligibility</b>				
Your spouse gains eligibility for and enrolls in own employer's dependent care FSA because he/she starts employment or has an employment status change	No	No	Yes	Yes
Your spouse loses eligibility for own employer's dependent care FSA because he/she ends employment or has an employment status change	Yes	Yes	No	No
Note that for a married employee to be or remain eligible for the DepCare FSA, the spouse must be working or looking for work (unless he or she is a fulltime student or incapable of self-care)				
<b>Cost change (doesn't apply if provider is a relative, by blood or marriage, of the employee)</b>				
Dependent care provider increases cost of service	Yes	Yes	Yes	Yes
Dependent care provider decreases cost of service	Yes	No	No	Yes

## Midyear Changes Allowed for the DepCare FSA

Event	Actions Allowed			
	Enroll	Increase Contribution	De-enroll	Decrease Contribution
<b>Change in dependent care provider or coverage</b>				
You change dependent care providers	Yes	Yes	Yes	Yes
There is a reduction in hours or dependent care ends (e.g. a child starts school)	No	No	Yes	Yes
You change (in whole or in part) from paid care to no care or free care	No	No	Yes	Yes
You change (in whole or in part) from free or no care to paid care	Yes	Yes	No	No
Your spouse starts employment	Yes	Yes	No	No
Your spouse ends employment	No	No	Yes	Yes
You or your spouse change work schedule (going from full- to part-time or vice versa) in a way that creates, changes or eliminates the need for dependent care	Yes	Yes	Yes	Yes
Your spouse who is not working or looking for work becomes a full-time student or becomes incapable of self-care	Yes	No	No	No
Your spouse who is not working or looking for work is no longer a full-time student or is no longer incapable of self-care	No	No	Yes	No

### **NONDISCRIMINATION REQUIREMENTS**

To prevent the DepCare FSA from being characterized by the IRS as discriminatory—and therefore no longer eligible for favorable tax treatment—the plan administrator may reject any elections or reduce contributions or benefits during the plan year. This means your payroll deductions may be reduced or stopped as needed to satisfy the nondiscrimination requirements.

#### **Questions?**

Contact CONEXIS at 800-482-4120.

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact their Human Resources Office and retirees should call the Retirement Administration Service Center (800-888-8267).

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