

Section 125 – Dependent Care

Section 125 – Dependent Care Account

This Plan is administered by San Joaquin Health Administrators. Please submit claims:

Via mail: San Joaquin Health Administrators, P.O. Box 31570, Stockton, CA 95213.

Via interoffice mail: SJHA – FSA Admin

Via fax: (209) 942-6382 *Contact phone #:* (209) 942-6381

How Do I Enroll in the Plan?

In order to participate in the 2013-14 plan year, you must complete the Section 125 portion of the enclosed Enrollment Form OR enroll Online and submit it to Human Resources by 5 p.m. June 7, 2013. You must enroll each year in order to participate in the Plan.

How Much Can I Contribute?

You may set aside a maximum of \$5,000 during each plan year (July through June).

How Does the Plan Work?

When you elect to participate in the dependent care plan, a specified amount of pretax dollars are deducted from your paycheck each pay period for the plan year (which runs from July 1, 2013 through June 30, 2014). These funds are deducted from your gross earnings before taxes and placed in a reimbursement account.

Funds may be used to reimburse you for care of a dependent child under age 13 or a dependent relative or household member who is physically or mentally incapable of self-care. Funds may only be used for expenses incurred during the time when you are participating in the Plan (which runs from July 1, 2013 through June 30, 2014). Private school tuition is not an eligible expense but before and after-school care may be claimed. Funds may not be used to pay for your dependent insurance premiums.

When you submit a claim for a qualified dependent care expense, you will be reimbursed from this account. Claims for reimbursement must be submitted to San Joaquin Health Administrators within 90 days of the end of the plan year.

What Expenses Are Eligible for Reimbursement?

You may use this Plan for expenses that meet the following qualifications:

- The dependent care must enable you and your spouse to be employed or attend school full-time.
- The amount eligible for reimbursement must not be greater than your spouse's income or one-half of your income, whichever is less.
- A child must be under 13 years old and must be your dependent under federal tax rules. Note: If your child turns 13 during the plan year, reimbursements

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must stop. However, this is considered a qualifying event and contributions may be decreased or stopped.

- The services may be provided in your home or another location but not by someone who is your minor child or dependent for income tax purposes (for example, an older child). Expenses of an overnight camp do not qualify for reimbursement.
- If the services are provided by a day care facility that cares for six or more children at the same time, the facility must comply with state and local day care regulations.
- Services must be for the physical care of the child, not for education, meals, etc.
- Costs for the care of a spouse or dependent who is incapable of self-care and regularly spends at least eight hours per day in your home (i.e., an invalid parent).

When Must Charges Be Incurred?

Eligible expenses must be incurred during the plan year (July 1 – June 30) and during the participant's coverage under the Plan. Expenses are incurred when the care is provided to the dependent, not when the participant is billed or charged for or pays for the service.

What Is the “Use It Or Lose It” Rule?

Because of the tax advantages of a dependent care reimbursement plan, the IRS has established strict guidelines for funds not used by the end of the year. If you contribute funds to a reimbursement account and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the plan year. For this reason, plan carefully when you determine how much to place in the account.

May I Change My Election During The Year?

You may not change your election during the plan year unless you experience a qualifying status change, such as:

- The birth, death or adoption of a family member, marriage or divorce
- Child turning 13
- Employee or spouse changing work hours, shift or days
- Employee or spouse becoming employed, losing a job or retiring

Changing school or day care arrangements are NOT qualifying events

Contact Human Resources regarding a qualifying event; (209) 468-3279/468-3379.

Note: Your requested election change must be consistent with and on account of your qualifying status change. You must make the enrollment change within 60 days of the qualifying event