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What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is a tax-favored program offered by employers that allows their employees to pay for eligible out-of-pocket health care expenses with pre-tax dollars. By using pre-tax dollars to pay for eligible health care expenses, you reduce your taxable income.

FSA can be used to pay for qualified medical costs and health care expenses that are not paid by any other insurance. An FSA cannot be used to pay for any type of insurance premiums, including long-term care insurance.

What is a Dependent Care Account?

A Dependent Care Account (DCA) is a tax-favored program offered by employers that allows their employees to pay for eligible dependent care expenses such as child care **for children under age 13 or day care for anyone who you claim as a dependent on your Federal tax return who is physically or mentally incapable of self-care** so that you (and your spouse, if you are married) can work, look for work, or attend school full-time. By using pre-tax dollars to pay for eligible dependent care expenses, you reduce your taxable income.

What is a Transportation or Parking Account?

The Transportation Benefits Program is a program sponsored by your Employer that allows employees to set aside a portion of their salary on a pre-tax basis to pay for employment related transportation expenses. The program is governed by Section 132 of the Internal Revenue Code that sets certain rules for the administration of the plan.

If I set aside funds for my Transportation or Parking expense, how do I access those funds?

You will receive a MasterCard that will work at Mass Transit ticket locations and Parking garages that accept MasterCard. The amounts that have been deducted from your pay will be available on the card the business day after your pay date.

You do not have to use the MasterCard feature to pay for your commuting expenses; you may submit receipts to Stirling Benefits for reimbursement.

What are the dollar limits on tax-free transit and parking benefits?

Federal law limits the amount you may set aside each month on tax-free basis. Through December 31, 2010, the limits for the plan are \$230 per month for mass transit and/or vanpool and \$230 per month for parking.

The American Recovery and Reinvestment Act of 2009 (Act), which was signed into law by President Obama on February 17, 2009, includes a provision that temporarily increases the amount of transit pass and vanpooling benefits that can be excluded from an employee's income under Code Section 132(f). The increase is effective from March 2009 through December 2010.

Prior to the Act, the monthly limits were \$230 for qualified parking benefits and \$120 for transit pass and vanpooling benefits combined. Thus, as a result of the Act, the combined transit pass/vanpooling monthly limit is increased to \$230, beginning March 2009.

What commuting expenses are eligible?

Only actual amounts spent by you for the purpose of commuting to and from work are eligible and there are limits on the amount you can claim. Two types of commuting expenses are eligible under Federal law:

- Mass transit fares, including tickets, passes, tokens, vouchers or other fares for riding buses, trains, para-transit vans or other mass transportation vehicles. They also include the cost of participating in an official vanpool. The cost of commuting in a taxi or in your personal car or van is not included.
- Parking fees at or near your work place or parking at a location from which you commute to your work place via mass transportation or a carpool (such as a park-and-ride lot). Residential parking is not eligible.

Only parking and mass transit costs incurred by you in connection with travel between your residence and your work place are eligible.

What is a Limited Purpose or Limited Purpose/Post Deductible Account?

A Limited Purpose or Limited Purpose/Post Deductible account is available to employees who contribute to a Health Savings Account. Eligible expenses are limited to dental and vision care or preventive services not covered by your medical program.

How does an FSA work?

When you decide to enroll in an FSA plan each year during Open Enrollment, you need to determine how much money you want to elect for your account(s) for the upcoming plan year. The minimum and maximum amounts will vary by employer group, please refer to your specific plan material.

Once you complete your enrollment each year, your payroll deductions will be confirmed by your employer's payroll department. The full Health Care election amounts will be available to you the first day of the program. The Dependent Care elections will be available to you as the deductions are taken from your payroll.

You may use your debit card, if offered by your employer group, to pay for eligible expenses for the programs, or you may submit the itemized receipts to the Stirling Benefits office along with a reimbursement form to seek reimbursement.

When does Open Enrollment begin?

Please contact Stirling Benefits by selecting the "Contact us" link or call 800-447-6689 for employer specific enrollment periods.

How does a Health Savings Account (HSA) affect my FSA eligibility?

An HSA account is a special type of savings account available to individuals who enroll in a High Deductible Health Plan (HDHP) that allows you to use pre-tax dollars to pay for eligible health care expenses.

An HSA is similar to a Health Care FSA in that it is funded with pre-tax salary dollars that can be used for the same type of health care expenses.

There is a significant difference between the two. With an HSA, you must be in a High Deductible Health Plan which allows you to rollover funds from year-to year; therefore, you are not at risk of losing unused funds. If you are contributing to an HSA, you are no longer eligible for a "general purpose" health care FSA program because both are used to pay for the same type of expenses. You are eligible to participate in a Limited Purpose or Limited Purpose/Post Deductible program, if offered by your employer.

What does "Annual Election" mean?

Annual Election is the elected health care amount that can be used from the first day of the plan year.

How are deductions from my pay determined?

When you enroll in the program, your annual election will be divided by the number of pay periods in the FSA plan year.

Can I change my election mid-year?

- Health Care, Limited Purpose or Limited Purpose/Post Deductible accounts – Generally, No. Your annual election may not be increased or decreased unless you have a permitted life event, such as a birth, death, adoption, employment status change, etc.
- Dependent Care account – If your day care needs or cost changes, you may modify your election.
- Transportation / Parking – Transportation and Parking elections may be modified based on your transportation / parking needs or costs.

What is the Use-it or Lose-it Rule?

Under IRS tax rules, you forfeit any funds for which you did not incur an eligible expense under your FSA account(s) during the FSA plan year. When you contribute to an FSA, you agree to reduce your salary by a specified amount and your employer contributes that amount to an FSA for you. Since you never received the funds, you cannot be taxed on it. The Use-it or Lose-it rule is why you should plan carefully, and conservatively, when making your annual FSA election(s). Reimbursement for expenses is based on when an expense is incurred, not when it is paid.

What is a Health Reimbursement Account (HRA)?

An employer funded benefit that offsets defined employees' healthcare out-of-pocket expenses. An HRA is a self-funded group health plan subject to ERISA and COBRA regulations. The purpose of the Plan is to supplement the out-of-pocket expenses required under the medical plan by reimbursing eligible employees, up to certain limits, for their own and their dependents' expenses. Reimbursements for health care expenses paid by the Plan are generally excludable from taxable income.

Where can I find information about my FSA or HRA benefits?

Your employer will distribute a Summary Plan Description (SPD) that provides all required information about your plan. See your HR Department or contact Stirling Benefits at 800-447-6689 for a copy of the SPD.

Can I access my account information online?

Yes. You may create an account on the www.benefitspaymentsystem.com to view your account status, transaction history and account balances.

Where do I call with a question about my account(s)?

You may contact Stirling Benefits at 800-447-6689 Monday-Friday 8:30 am-4:30 pm EST. Our representatives are available to assist you with all your plan benefits questions or concerns.

How do I communicate a change of address, name change or other change regarding my demographics to Stirling Benefits?

All changes should be communicated directly to your Employer. Your employer will provide the change to Stirling Benefits.

How do I appeal a claim that has been denied?

You have the right to appeal any denial that involves your accounts. All appeals must be in writing and submitted to the Stirling Benefits office at:

Mail: 20 Armory Lane, Milford, CT 06460

Email: Flex@StirlingBenefits.com

Fax: 203-877-9558

Will I receive a plan statement?

Provide your email address to Stirling Benefits and you will receive a monthly account statement. A Year-End Statement will be mailed to your home address if an email address is not provided.

My card was lost/stolen. How long before the new card will arrive?

Replacement cards should arrive within 10 business days from the date Stirling Benefits was notified of the lost/stolen card.

What do I do with my card once I have used all of my available funds?

Your debit card is valid until the expiration date on the front of the card. You will be able to use the card again next year when you re-enroll in the plan.

Can I order a card for a dependent?

Yes. Generally, the Benefits Card is issued to dependents over the age of 18. The employee can contact Stirling Benefits and provide the dependent's information.

Do I choose debit or credit at the credit card terminal when I use my card?

The Benefits Card is a signature based debit card but should be swiped as a credit card at the terminal. There is no PIN number associated with the card. Selecting debit at the terminal will result in a denied transaction.

How do I file for reimbursement for claims paid without using my Benefits Card?

Submit the itemized receipt along with a Reimbursement Form to Stirling Benefits. Reimbursement Forms can be obtained from your HR Department or on the Stirling Benefits website: www.StirlingBenefits.com Select the Members/Sponsors link and then choose Forms.

What is IIAS?

Defined by the IRS, an Inventory Information Approval System (IIAS) is designed to allow only healthcare items to be bought with your benefit debit card when making purchases at non-healthcare locations such as wholesale clubs, discount stores and even pharmacies.

For more information and to view the SIGIS Merchant List publication, please visit the Special Interest Group for IIAS Standards (SIGIS) website at: <http://www.sigis.org> .

How will my benefits debit card work at an IIAS retailer?

Based on benefits offered by your employer group, you may be allowed to purchase only healthcare items from certain retailers when you use your card. You may be asked by the retailer at the time of purchase to provide another form of payment to buy the remaining items that have been identified as non-healthcare items by the retailer. If a retailer such as a wholesale club, discount store or on-line merchant does not have an IIAS in place, your transaction may be denied. The IRS does not require locations such as doctor's offices, labs, and hospitals to have an IIAS to be in place and you can continue to use your benefits card at these locations, as allowed by your plan.

What is the benefit of an IIAS?

It is designed to allow only healthcare items to be purchased with the benefit debit card. The industry goal is to reduce or eliminate the need to send in receipts and documentation to your plan administrator when you make a purchase with your card while purchasing healthcare items at participating retailers.