DEPENDENT CARE REIMBURSEMENT PLAN

GENERAL INFORMATION

Overview

The Dependent Care Reimbursement Plan, also known as a Dependent Care Flexible Spending Account (DCFSA), is a flexible spending account that offers a cost-effective way for you to pay for eligible childcare and/or eldercare, such as licensed daycare, summer day camp, adult or senior daycare and other dependent care-related expenses, that allows you and your spouse (if married) to go to work, look for work or attend school full-time.

Your contributions to the DCFSA are automatically deducted from your pay before tax, meaning you save tax dollars on eligible dependent care expenses. If you are currently paying for daycare expenses outside of the Dependent Care FSA, you are paying in taxable dollars and may be taking the federal tax credit on your personal tax return at the end of the year. Using the Dependent Care FSA may result in greater tax savings compared to the federal tax credit.

Benefit Coverage	Options	Coverage Start Date	If you don't make an election...
May defer up to $5,000 pre-tax to help pay for eligible dependent care expenses	▪ Dependent Care FSA ▪ No coverage	On the ninety-first (91st) day of employment	You will automatically be enrolled with no coverage.

Eligibility

Traditional and In-Progression employees are eligible to participate in the Dependent Care FSA on the ninety-first (91st) day of employment.

Full-Time and Part-Time Temporary employees are not eligible to participate in the Dependent Care FSA.

Your Options

Your contributions to the Dependent Care FSA are deducted from your pay before federal, state and Social Security (FICA) taxes are withheld. That means eligible dependent care expenses actually cost you less because you can pay for them with pre-tax dollars. You have the options to determine how much of your pay is deferred, with minimum and maximum requirements.

- **Annual minimum** is $104 ($2 per pay period if participating January 1-December 31)
- **Annual maximum** is $5,000 if single or married, filing jointly ($96.16 per pay period if participating January 1-December 31). **Note:** If you are married, filing separately, the annual maximum is $2,500.

Is the Dependent Care FSA good for me?

It's easy to determine if the Dependent Care FSA can save you money. Before you make your annual election, you should estimate the expenses you will incur during the Plan Year (January 1–December 31) and then determine if you're better off paying for such items on an after-tax basis outside of the Plan versus a pre-tax bases in the Plan.

How does the Dependent Care FSA work?

After you have determined your estimated annual expenses and have arrived at an annual Dependent Care FSA contribution dollar amount with which you are comfortable, divide this amount by the number of pay periods for the Plan Year (at the beginning of the year, divide by 52). This amount will be deducted in even amounts from each of your paychecks and contributed to your DCFSA. You will need to plan carefully as the IRS requires that you forfeit any money you contributed during the Plan Year for which you did not incur expenses by March 15 of the following year. Additionally, these expenses must be submitted for reimbursement by April 30 following the end of the Plan Year. Therefore, you should use conservative estimates to avoid the IRS "*Use It or Lose It*" rule.

Tax Savings Using a Flexible Spending Account

The following is an example of a married employee (filing jointly) earning $60,000 per year who expects to defer $5,000 to a Dependent Care FSA.

	Pre-Tax (Using FSA)	**Post-Tax (Not Using FSA)**
Annual Base Salary	$60,000	$60,000
Less: FSA Election	$5,000	$0
Taxable Salary	$55,000	$60,000
Less:		
Estimated Taxes	$8,800	$9,600
After Tax Expenses	$0	$5,000
Net Pay	**$46,200**	**$45,400**

Estimated, annual increase in spendable income by using a pre-tax Flexible Spending Account in this example is $800. The above illustration is an approximation only, and is not an indication of exact amounts saved.

Effect of the FSA Plans on Social Security Benefits

When you contribute to the Dependent Care FSA, your taxable income is reduced by the amount of your contribution. This affects the amount of Social Security taxes you pay. In addition, because your taxable income is reduced, your Social Security benefits at retirement or disability may be slightly reduced. Research suggests, however, that your tax savings over time will generally outweigh your Social Security benefit reduction.

Planning Carefully

Each participant must decide how much, if any, to set aside for their Dependent Care FSA. This can be done by carefully reviewing expenses from the prior year and estimating predictable expenses for the current/upcoming Plan Year. All eligible expenses must be incurred during the Plan Year or by March 15 of the following year, and all deductions are taken during the Plan Year.

To help you determine the amount you wish to contribute to your Dependent Care FSA for the Plan Year, Bank of America provides a helpful calculator online (healthaccounts.bankofamerica.com/dcfsa-calculator-individual.shtml) that can help you estimate your dependent care expenses and find out how much you could save by participating.

Use It or Lose It

Because of the tax advantages provided by using a Dependent Care FSA, the Internal Revenue Service has established guidelines for its use. One of these guidelines is commonly known as the "Use It or Lose It" rule. The rule is this: If you deposit pre-tax dollars into an FSA account and then do not use all of the dollars you deposit by the stated deadline; you will lose the remaining balance in the account. For this reason, it is essential that you plan your contributions carefully. Only allocate those dollars that you are confident you will spend during the Plan Year:

- The deadline for **incurring** qualified expenses is **March 15** following the end of the Plan Year
- The deadline for **submitting claims for reimbursement** is **April 30** following the end of the Plan Year

Claim Administrator

Bank of America has been selected as the claim administrator for the Dependent Care FSA Plan. Bank of America's website (healthaccounts.bankofamerica.com/gm) provides you with account information including real-time status on your spending account. You may submit reimbursement claims online, confirm the receipt of a faxed or mailed claim, check claim status, view your account balance and review your annual contribution.

HOW THE DEPENDENT CARE FSA WORKS

Contribution Amounts

The Dependent Care FSA allows you to defer from $104 to $5,000 if married, filing jointly ($2,500 if married, filing separately) to your dependent care account. You are responsible for determining the amount that best meets your needs based on your expected eligible expenses.

When Pre-Tax Contributions Cease or End

Upon the cessation or stoppage of pre-tax contributions (e.g., due to retirement, termination of employment, unpaid leave of absence, etc.), you may continue to submit claims for reimbursement of eligible dependent care expenses, up to the available balance in your account, through April 30 following the end of the Plan Year.

Important: When pre-tax contributions cease, it is your responsibility to determine eligibility of such claims based on criteria established by the Internal Revenue Service (IRS) in Publication 503: Child and Dependent Care Expenses (irs.gov/pub/irs-pdf/p503.pdf).

Who is a Qualified Dependent?

Your child or adult care expenses are eligible for reimbursement if your eligible dependent is:

- A child under thirteen (13) years of age for whom you are allowed a personal exemption on your annual federal income tax return.
- An adult, such as a spouse or relative, who is physically or cognitively incapable of self-care, who has the same principal residence as you for more than one-half (½) of the calendar year, and for whom you claim a personal exemption on your annual federal income tax return.

Who is a Qualified Dependent Care Provider?

You may use any care provider you choose. The care provider must meet the business and licensing requirements of your state. The services may be as informal as care provided by your neighbor, as long as the provider claims the money received for services as income when determining their taxes at the end of the year. You will also need to obtain the provider's federal identification/Social Security number (if the provider is an individual) for inclusion on your own tax filing return.

A qualified dependent care provider is **not**:

- A person for whom you (or your spouse, if filing jointly) can claim as a dependent;
- Your child (including stepchild or foster child) who was under age 19 at the end of the year, even if they were not claimed as your dependent;
- A person who was your spouse any time during the year; or
- The parent of your qualifying dependent if your qualifying dependent is your child and under age 13.

Eligible Dependent Care Expenses

Generally, eligible expenses include costs for daycare for your tax-qualified dependents. For a list of eligible expenses, refer to What Expenses Are Covered? From Bank of America's Learn Site and IRS Publication 503.

Some of the costs you can use your Dependent Care FSA funds include:

- Daycare facility fees (excluding transportation, lunches, educational services)
- Before-school and after-school care
- Local day camp (for the purpose of childcare)
- In-home baby-sitting fees (income must be claimed by your care provider)
- Nursery school and preschool
- Adult daycare

Your dependent care costs can only be covered if you must pay these expenses so that you, and your spouse (if married), can work, look for work, or attend school full-time.

Ineligible Dependent Care Expenses

Expenses that are not eligible for payment or reimbursement include, but are not limited to:

- Dependent care obtained for non-work/school-related reasons
- Dependent care that could be provided by your employed spouse whose work hours differ from yours
- Dependent care expenses incurred if your spouse does not work or attend school on a full-time basis, unless they are disabled
- Expenses paid by another organization or provided without cost
- Care that is provided by your child
- Care provided for a dependent age 13 or older in a full-time residential institution such as a nursing home or home for the mentally disabled
- Care provided in a group care center that does not meet state and local laws
- Charges for referrals to daycare providers
- Cost of food, clothing, or entertainment
- Tuition or educational expenses
- Overnight camps
- Payments for services not yet provided
- Registration fees (required for eligible care, *prior* to actual services being received)
- Transportation to and from eligible care that is *not* provided by your care provider
- Any expenses you claim for the dependent care tax credit on your federal income tax return

Dependent Care FSA vs. Federal Tax Credit

Remember that you may be able to take a federal tax credit for eligible dependent care expenses and that any amounts deposited into a Dependent Care FSA will reduce dollar-for-dollar, the amount you can take under the tax credit. Only you and your tax advisor can determine whether the Dependent Care FSA or the federal tax credit is more beneficial to you. If you wish to learn more about the federal tax credit and how it compares to the Dependent Care FSA, refer to Publication 503: Child and Dependent Care Expenses (irs.gov/pub/irs-pdf/p503.pdf).

Participation in the Dependent Care FSA will reduce or eliminate the ability to use the federal tax credit for dependent care. However, for most taxpayers, the Dependent Care FSA results in a greater tax savings. If you participate in the Dependent Care FSA, IRS Form 2441 must be completed as part of your annual tax filing.

CLAIMING YOUR BENEFITS

Requests for Reimbursement

With the Dependent Care FSA, you are reimbursed only for eligible dependent care expenses up to the available balance in your account. You may receive reimbursement for any claim in excess of your balance as your accounts grows through subsequent contributions. When you elect to participate in the Dependent Care FSA, Bank of America will process eligible claims for reimbursement and issue payment to you or your provider.

There are three (3) ways to pay for eligible expenses with your Dependent Care FSA:

- Use your Bank of America *Health and Benefit Accounts Visa* debit card
- Pay out-of-pocket, then file a claim to reimburse yourself from the Bank of America member website or the *MyHealth BofA* mobile app
- Submit a manual claim for reimbursement or payment by filling out the Bank of America Reimbursement Request Form

Note: Payment from your Dependent Care FSA cannot be made until the expense has been incurred. For example, if you pay for childcare for the entire month of January on January 1, you will not be able to be reimbursed until after January 31. Funds can only be used for expenses incurred during the current Plan Year.

Correcting Mistakes in Payment

If you are mistakenly paid more of a reimbursement than you are entitled, the claim administrator will:

- Require you to return the overpayment, or
- Reduce future payment by the amount of the overpayment

APPEALS

If a request for reimbursement is denied, in whole or in part, you will receive notice of the denial from the claim administrator. You will receive the denial within sixty (60) days from the date the claim administrator received your request for reimbursement. Your denial notice from the claim administrator will include:

- Reason(s) for the denial
- Denial explanation as related to Plan provisions
- Required actions to correct the denial

You may appeal the denied reimbursement request by submitting the claim administrator's Claim Appeal Form within 180 days after you receive the denial notice. The Claim Appeal Form can be found online at myhealth.bankofamerica.com. When submitting the Claim Appeal Form, you must include your reason for requesting the review, and any additional information and/or documentation that support the claim. The Claim Appeal Form and additional documentation must be mailed to Bank of America, c/o Health Account Services, PO Box 2203, Fargo, ND 58108, or faxed to 1-844-590-0919.