

FEDERAL JUDICIARY BENEFITS PROGRAM

BENEFIT FOR LIFE



Flexible Benefit Program

SUMMARY PLAN DESCRIPTION

YOUR GUIDE TO YOUR:

PREMIUM PAYMENT PLAN

HEALTH CARE
REIMBURSEMENT ACCOUNT

DEPENDENT CARE
REIMBURSEMENT ACCOUNT

This summary is based on the official Plan Documents. If there is a difference between the description in this booklet and the official Plan Documents, the Plan Documents will always govern.

November 2018

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Your Flexible Benefit Program

The Federal Judiciary Flexible Benefit Program has been designed to assist eligible judges and employees in defraying the cost of health, dental, and/or vision insurance premiums and eligible out-of-pocket medical, dental, vision and dependent care expenses. The program consists of three separate parts—a Premium Payment Plan, a Health Care Reimbursement Account, and a Dependent Care Reimbursement Account. Participation in these three plans is completely voluntary. Each plan allows you to set aside part of your salary on a pre-tax basis. This reduces the amount on which federal income taxes, Social Security taxes - and in most cases - state and local income taxes are based, thereby increasing your spendable income.

The **Premium Payment Plan (PPP)** allows you to pay for your health insurance premiums with pre-tax dollars.

A **Health Care Reimbursement Account (HCRA)** lets you set aside part of your paycheck on a pre-tax basis that you can then use to pay certain health care expenses you, your spouse, and your dependents incur throughout the year. These expenses may include deductibles, copayments, and other out-of-pocket health care expenses that aren't covered by your health insurance. Because the money you contribute into your account is deducted from your income before taxes are subtracted, you'll pay less money in taxes.

The Program also offers a **Dependent Care Reimbursement Account (DCRA)**. You may contribute to a DCRA using pre-tax dollars to pay for expenses such as a daycare provider for your children or other IRS-recognized dependents while you work and your spouse, if you are married, works or attends school full-time.

A **Health Savings Account (HSA)** is a tax-advantaged medical savings account available to those that are enrolled in a high-deductible health plan (HDHP). This account is set up with a custodian or trustee and funds may be used to pay for eligible medical expenses for you and your IRS-recognized dependents. The Judiciary allows you to make contributions to this account through salary reduction on a pre-tax basis, but has no control over the funds once deposited into your HSA. Please note that a HCRA is not available if you have a HSA.

Fast Facts About The Federal Judiciary Flexible Benefit Program

- The Federal Judiciary Flexible Benefit Program consists of three separate tax-favored plans:
 - The Premium Payment Plan (PPP),
 - The Health Care Reimbursement Account (HCRA), and
 - The Dependent Care Reimbursement Account (DCRA).

- Generally, you are eligible to participate in the Flexible Benefit Program if you are an active employee who is eligible to participate in the Federal Employees Health Benefits (FEHB) Program. Employees are not eligible for HCRA or DCRA benefits unless the employee has a federal judiciary appointment (or series of appointments) of at least one year and a day.
- Each year an Annual Enrollment Period will be held for eligible employees. You will have the opportunity to choose whether you wish to participate or continue participation in any of the three plans for the upcoming Plan Year.
- If you are an eligible employee enrolled in the FEHB Program, you are automatically enrolled in the PPP pre-tax option unless you waive this option during enrollment. You cannot change or discontinue your enrollment in the FEHB Program before the next Annual Enrollment Period unless you experience an IRS defined qualified life event, described on page 5.
- If you decide to participate in a Reimbursement Account, you can open a HCRA, a DCRA, or both. To continue participation in one or both of the Reimbursement Accounts each year, you must re-enroll during the Annual Enrollment Period. You cannot change or discontinue your enrollment before the next Annual Enrollment Period unless you experience an IRS defined qualified life event, described on page 13.
- Beginning in 2019, you can contribute a maximum of \$2,700 each Plan Year to a HCRA to pay for eligible health care expenses with tax-free dollars.
- Certain over-the-counter (“OTC”) drugs and medicines will not be eligible for reimbursement from the Health Care Flexible Spending Accounts (FSA). OTC drugs and medicines will only be eligible when prescribed by a health care provider and accompanied by an adequate receipt and a physician’s prescription.
- Beginning with the 2005 Plan Year, a 2½ month grace period was extended to Health Care FSAs. This means that HCRA participants have until March 15 of the following Plan Year to incur expenses for the prior Plan Year. DCRA claims must still be incurred by December 31. However, the Plan Year run-out date was extended to April 30 for all claims. Regardless of the grace period, OTC drugs and medicines that are not prescribed by a physician will not be eligible for reimbursement from the HCRA as of January 1, 2011.
- If you are single or married and filing a tax return jointly with your spouse, you may contribute up to \$5,000 each Plan Year to a DCRA to pay for eligible dependent care expenses. If you are married and filing your tax returns separately, your annual contribution maximum is \$2,500.
- Consider your Reimbursement Account contributions carefully. Once you make an election, you cannot change it unless you experience a qualified life event. Any money that you do not use in your accounts cannot be refunded to you.



WHAT IS A PLAN YEAR?

The Plan Year begins January 1 and ends December 31 each year, so it is the same as a calendar year.



The Premium Payment Plan (PPP)

What is the Premium Payment Plan?

The Premium Payment Plan (PPP) is an optional tax-favored program that allows you to pay for your health insurance premiums before taxes are deducted from your paycheck. Because taxes are calculated on a lower salary, your take-home pay will be higher.

You are automatically enrolled in the PPP if you meet the eligibility requirements for the Federal Employees Health Benefits (FEHB) Program, unless you waived this option during an enrollment period. Your decision to participate (or not) will remain in effect from year to year, so it is not necessary for you to re-enroll unless you wish to change your election.

What are the advantages of participating?

Tax Savings

When you elect to have your health insurance premiums deducted from your salary through the PPP, the amount of your premiums is subtracted from your pay before federal income, state income (in most cases) and Social Security taxes have been calculated and withheld—resulting in a tax-savings for you.

	With Premium Payment Plan	Without Premium Payment Plan
For example: Let's say your annual salary is \$55,000. The example shows the amount of your take-home pay if your insurance premiums cost \$700 per year.		
Your annual salary	\$55,000	\$55,000
Your annual insurance premium PRE-TAX:	\$700	N/A
You pay taxes on:	\$54,300	\$55,000
Minus federal income taxes:	-\$9,605	-\$9,780
Minus Social Security taxes (7.65%):	-\$4,154	-\$4,208
Your annual insurance premium AFTER-TAX:	N/A	-\$700
Your take-home pay is:	\$40,541	\$40,312
You Save:	\$229	

Remember, the amount you save in taxes under this feature will vary depending on your FEHB Program enrollment (Self Only, Self Plus One or Self and Family), your annual earnings, whether or not you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket, and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.

Are there any disadvantages to participating?

When you elect to participate in the PPP, the salary on which your annual contribution to Social Security is based may be reduced, which may result in a reduction in the Social Security benefit you receive at retirement. However, increasing your personal savings by participating in the PPP can more than make up for the difference.

In addition, if you participate in the PPP, you cannot change or cancel your enrollment in the FEHB Program unless you experience an IRS “qualified life event.”

When am I eligible to participate?

You are eligible to participate in the PPP if you are an active employee and you are eligible to participate in the FEHB Program.

How do I enroll?

It is not necessary for you to enroll in the PPP. As an eligible employee you are automatically enrolled in the Plan unless you elect to have your health insurance premiums deducted on an after-tax basis.

Your enrollment status in the PPP will remain in effect from year to year unless you elect to change it during the Annual Enrollment Period. You may *only* change your option outside of the Annual Enrollment Period if you experience a qualified life event, as described below.

Can I change my election?

Generally, your enrollment in the PPP is in effect unless you change it during an Annual Enrollment Period. However, if you experience a “qualified life event” you may be able to change your election mid-year. The IRS considers the following events to be qualified life events:



WHAT IS A PPP?

The PPP is a tax-qualified Plan based on the guidelines in Section 125 of the Internal Revenue Code. Visit <http://www.irs.gov> for more information.



- A change in legal marital status, such as marriage, death of a spouse, divorce, annulment or legal separation;
- A change in employment status for you, your spouse or your dependent such as termination or commencement of employment, change from a full-time to a part-time work schedule, or a commencement of or return from an unpaid leave of absence;
- A change in number of tax dependents, such as birth of a child, adoption or placement for adoption of a child, or the death of a dependent;
- A change in your dependent's eligibility status, such as by attaining a certain age;
- You or your spouse either become eligible or lose eligibility for Medicare or Medicaid;
- Certain changes in the cost of your coverage;
- Certain changes to your coverage;
- Entitlement to special enrollment rights under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), including acquisition of a new dependent or spouse; becoming eligible for a premium assistance subsidy under Medicaid or a state's Children's Health Insurance Program (CHIP); or loss of coverage under another health insurance policy or plan (including Medicaid or CHIP), if that coverage is terminated because of:
 - o Voluntary or involuntary termination of employment or reduction in the number of hours of employment, death, divorce or legal separation; or
 - o Termination of employer contributions toward that other coverage; or
 - o In the case of Medicaid or CHIP, a loss of eligibility for such coverage.
- Certain judgments, decrees or orders, including a qualified medical child support order, that provide for a dependent's health coverage.

You may only change or terminate your election under the Plan if the life event that you experience affects the coverage eligibility of you or your dependent and if the change is consistent with or on account of the life event. If you have questions, contact the **Judiciary Benefits Center** at **1-888-442-3539**, or at <https://judiciary.adp.com>.

For example, if you move to another state and your change in residence causes you to change health plans under the FEHB Program, changing your PPP election would be consistent with or on account of the event. However, if you move across the street and your eligibility for coverage is unaffected, you have not experienced a qualified life event that would allow you to make a change.

If you experience a qualified life event and want to make a change to your election, you must call the **Judiciary Benefits Center** at **1-888-442-3539** within sixty (60) days of the event. Depending on the life event, you may be able to:

- Enroll in the Premium Payment Program; or
- Terminate participation in the Premium Payment Program.

Your change will go into effect the beginning of the pay period that coincides with or immediately follows receipt of the form. If you have a baby or adopt a child, the election will go into effect retroactively to the date of the birth or placement for adoption, as required by HIPAA.

What happens if I leave the Federal Judiciary?

If you terminate employment during the year, your participation in the Flexible Benefit Program ends. Although you may be eligible to continue your FEHB Program coverage through Temporary Continuation of Coverage (TCC), you do not have the option of paying for the premiums on a pre-tax basis.

What happens if I go on a Leave Without Pay?

If you take an unpaid leave of absence, that does not affect eligibility in this Plan, your employer will pay both your share and the employer share. When you return to work, the premiums will be pre-tax if you have payroll deductions to make up the premiums that the employer paid on your behalf. If you pay these premiums in a lump sum check, they are not pre-tax. If the missed premiums cross Plan Years, you must pay with a check, not through a payroll deduction.

When does my participation in the PPP end?

Your participation in the PPP will end when:

- You elect to have your insurance premiums deducted from your salary on an after-tax basis;
- You elect to terminate participation in the FEHB Program;
- You are no longer eligible to participate in the FEHB Program;
- You are no longer employed by the Federal Judiciary; or
- The Administrative Office of the U.S. Courts terminates the Flexible Benefit Program.



WHAT IS THE JUDICIARY BENEFITS CENTER?

The Judiciary Benefits Center is operated by **ADP Benefit Services KY, Inc.**, the third-party administrator for the **Federal Judiciary Flexible Benefit Program**, and handles your elections and processes your claims for reimbursement. If you have any questions about your reimbursement or eligible expenses call the Judiciary Benefits Center at **888-442-3539**, or you may visit the Judiciary Benefits Center web site at <https://judiciary.adp.com>.



How Reimbursement Accounts Work

What is a Reimbursement Account?

Reimbursement Accounts offer you a way to pay for eligible dependent care expenses and health care expenses not covered by insurance with tax-free income—before federal income, state income (in most cases) and Social Security taxes are taken out of your pay. You contribute pre-tax money to a Reimbursement Account(s), file a claim, and then receive reimbursement from the account for eligible expenses.

The Flexible Benefit Program offers two (2) different Reimbursement Accounts:

- The Health Care Reimbursement Account (HCRA), and
- The Dependent Care Reimbursement Account (DCRA).

You may enroll in either one or both of these Reimbursement Accounts if you are eligible.

Participation in a Reimbursement Account is completely voluntary. Each year, during the enrollment period, you decide in which account(s) you wish to participate and how much to contribute to cover your eligible expenses for the coming Plan Year. Then, you simply complete the Salary Reduction Agreement, and your annual contribution is deducted in equal installments from each of your paychecks throughout the year.

To claim a reimbursement from your Account, you complete a claim form, attach the required documentation and submit it to the Judiciary Benefits Center. Your reimbursement will be deposited directly into the same account as your pay via Electronic Funds Transfer (EFT).

If you do not receive your pay by direct deposit, you will receive a paper check.

What are the advantages of participating?

Tax Savings

The amount you contribute to a Reimbursement Account is deducted from your pay before federal income, state income (in most cases) and Social Security taxes are taken out, increasing your spendable income.

	With a Reimbursement Account	Without an Account
For example, if you earn \$55,000 and elect to contribute \$3,000 to your Reimbursement Account, you'll only pay taxes on the remaining \$52,000 of your income. You save \$979 in taxes, as shown below.		
Your annual salary	\$55,000	\$55,000
Your tax-free Reimbursement Account contribution:	\$2,500	N/A
You pay taxes on:	\$52,500	\$55,000
Minus federal income taxes:	-\$9,155	-\$9,788
Minus Social Security taxes (7.65%):	-\$4,016	-\$4,208
Your take-home pay is:	\$39,329	\$41,012
*Your out-of-pocket expenses:	N/A	-\$2,500
Your spendable income:	\$39,329	\$38,512
Your tax savings with a Reimbursement Account*:	\$817	N/A

* Remember, these are expenses that you would have incurred and paid for even if you didn't have a Reimbursement Account, such as copays for a doctor's visit, a prescription, or payment for a daycare provider.

Also, the amount you save in taxes under this feature will vary depending on the amount you set aside in the Reimbursement Account, your annual earnings, whether or not you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket, and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.



AM I AUTOMATICALLY ENROLLED IN A REIMBURSEMENT ACCOUNT EACH YEAR?

No. You must re-enroll each year that you wish to participate in a HCRA and/or DCRA. Your election does not carry over year to year.



DO I NEED TO CLAIM REIMBURSEMENTS AS INCOME ON MY TAX RETURN?

No. Your reimbursements are tax-free as long as you have not taken or do not intend to take a tax deduction or credit for related expenses when you file your federal tax return.

Are there any disadvantages to participating?

When you elect to participate in a reimbursement account, the salary on which your annual contributions to Social Security are based may be reduced. This may result in a reduction in the Social Security benefit you receive at retirement. However, increasing your personal savings by participating in a reimbursement account can more than make up for the difference.

IRS Rules

The Federal Judiciary Flexible Benefit Program is a tax-qualified program based on the guidelines in Sections 105, 125, and 129 of the Internal Revenue Code. As with many tax-favored programs, the IRS has certain important rules associated with participation, outlined below.

Tax-Deductible Expenses

If you use your account to pay for health care or dependent care expenses, you may not also deduct those expenses on your federal income tax return. Keep in mind that you can deduct unreimbursed health care expenses from your federal income tax only if they exceed the annual threshold established by the Internal Revenue Service. For more information on how using a DCRA affects your eligibility for the childcare tax credit, refer to page 29.

No Transfers Between Accounts

You may only be reimbursed for eligible health care expenses with the money in your HCRA. Similarly, you may only be reimbursed for qualifying dependent care expenses with the money in your DCRA. You may not transfer funds from one account to another to cover unanticipated expenses, even if you have a leftover balance in one account.

Expenses Incurred vs. Expenses Paid

An expense is incurred on the date that you receive the service, not on the date on which you pay for the service.

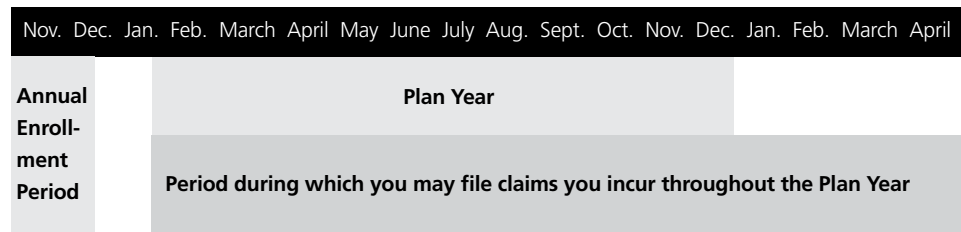
For example, the date you go to the doctor is the date the service is incurred, even if you are billed for the visit at a later date. Similarly, the date your child is at his or her day care provider is the date the expense is incurred, even if you do not pay your childcare provider until a later date.

Claims Must Be Filed By April 30 of the Following Year

The money you contribute to your Reimbursement Account(s) may only be used to pay for eligible expenses that you incur during the Plan Year. When you set up your account(s) during the Annual Enrollment Period, you are setting them up for one year only - the upcoming Plan Year or calendar year. The 2 ½ Month Grace Period extended to HCRA means that a HCRA participant has until March 15 of the following Plan Year to incur expenses that can be applied to the prior Plan Year HCRA balance. All DCRA claims must be incurred by December 31. You have until April 30 of the next year to submit claims for expenses that you incur during and/or would like applied to the previous Plan Year.

Annual Enrollment Period

Each November, an enrollment period will be held for the Flexible Benefit Program. During this time, if you wish to continue participation or newly enroll in one or both of the Reimbursement Accounts, you must complete a new Salary Reduction Agreement. Your previous election will not carry over to the next Plan Year.



WHAT IF I DON'T USE ALL THE MONEY IN MY ACCOUNT(S) BY THE END OF THE YEAR?

If you overestimate your expenses and contribute more money than you spend, you will forfeit any balance in your account(s) after you've processed all expenses for the year. Fortunately, due to the grace period adopted by the Federal Judiciary for HCRA, you now have 14 1/2 months (until March 15 of the following Plan Year) to incur eligible health care expenses. DCRA expenses must still be incurred by December 31. Be sure to plan and budget carefully when deciding how much to contribute to your account(s).



WHAT IS A SALARY REDUCTION AGREEMENT?

A Salary Reduction Agreement is an IRS required agreement that you must file either by phone through Interactive Voice Response (IVR) System, Internet or hard copy form to verify that you have agreed to reduce your compensation by redirecting a portion of your salary on a pre-tax basis.

Forfeiting Leftover Contributions

The IRS requires that any money left in a Reimbursement Account at the end of the Plan Year be forfeited. This is known as the IRS's "Use-it-or-Lose-it" Rule. Any forfeited money will be used to offset administrative costs for the program.

Limits on Contributions

In addition to the yearly limits on how much you can contribute to your Reimbursement Account(s), the Internal Revenue Service requires Plans with pre-tax contributions to prove that they don't favor "highly-compensated" employees, as defined by the IRS. If the Federal Judiciary's Reimbursement Accounts do not pass this test, the contributions made by employees considered highly-compensated may have to be reduced or recharacterized as after-tax contributions. If this happens, those affected will be notified.

When am I eligible to participate?

Generally, you are eligible to make contributions to a Reimbursement Account if you are an active employee who is eligible to participate in the Federal Employees Health Benefits (FEHB) Program. You do not have to be enrolled in the FEHB Program, just eligible to enroll. Temporary or seasonal employees are not eligible for health or dependent care reimbursement account benefits unless the employee has a temporary or permanent federal judiciary appointment (or series of appointments) of at least one year and a day.

How do I enroll?

If you wish to participate in one or both Reimbursement Accounts, you must enroll during the Annual Enrollment Period for the upcoming Plan Year, even if you've enrolled in prior years. Your election will take effect on January 1 of the new Plan Year. You will be notified of your right to enroll before the Annual Enrollment Period begins.

How to Enroll

There are four ways to enroll in the Reimbursement Accounts:

1. Complete the Salary Reduction Agreement that you will receive with your enrollment package prior to the Annual Enrollment Period. Sign and mail the enrollment form to:

Judiciary Benefits Center
P.O. Box 3810
Alpharetta, GA 30023-3810

2. Call the toll-free Interactive Voice Response system during the Annual Enrollment Period at **1-888-442-3539**.
3. Enroll via the Internet by going to the Judiciary Benefits Center web site at <https://judiciary.adp.com> during the Annual Enrollment Period.
4. Fax your enrollment to the Judiciary Benefits Center at **1-800-526-6175**.

If you decide to enroll in a Reimbursement Account, the amount you elect to contribute will be divided by the number of pay periods in a year - twelve (12) for judges, twenty-six (26) for employees. This amount will be automatically deducted from your paycheck.

Can I change my election?

Generally, your decision to participate in a HCRA or DCRA is in effect for the whole Plan Year unless you change it during an Annual Enrollment Period. However, if you experience a "qualified life event" you may be able to change your election mid-year.

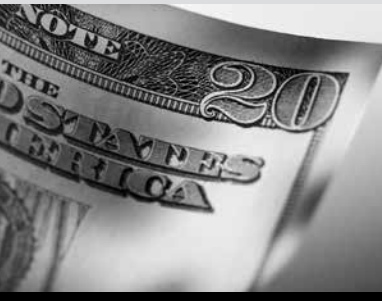
The IRS considers the following events to be qualified life events:

- A change in legal marital status, such as marriage, death of a spouse, divorce, annulment, or legal separation;



CAN I CHANGE THE AMOUNT I ELECT TO CONTRIBUTE?

Once you enroll, your contributions are locked in for the year unless you experience a "qualified life event" so consider your expenses carefully.



- A change in employment status for you or your spouse, such as termination or commencement of employment, change from a full-time to a part-time work schedule, or a commencement of or return from an unpaid leave of absence;
- A change in number of tax dependents, such as birth of a child, adoption or placement for adoption of a child, or the death of a dependent;
- A change in your dependent's eligibility status, such as by attaining a certain age;
- You or your spouse either become eligible for or lose eligibility for Medicare or Medicaid;
- Entitlement to special enrollment rights under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), including acquisition of a new dependent or spouse; becoming eligible for a premium assistance subsidy under Medicaid or a state's Children's Health Insurance Program (CHIP); or loss of coverage under another health insurance policy or plan (including Medicaid or CHIP), if that coverage is terminated because of:
 - o Voluntary or involuntary termination of employment or reduction in the number of hours of employment, death, divorce or legal separation; or
 - o Termination of employer contributions toward that other coverage; or
 - o In the case of Medicaid or CHIP, a loss of eligibility for such coverage.
- Certain judgments, decrees or orders, including a qualified medical child support order, that provide for a dependent's health coverage; and
- A change in your cost or coverage for dependent care. (This applies to the DCRA only.)

You may only change or terminate your election under the Plan if the life event that you experience affects the coverage eligibility of you or your dependent and if the change is consistent with or on account of the life event. If you have questions, contact the Judiciary Benefits Center at **1-888-442-3539**.

For example, if you adopt a child, that would be a qualifying event that would allow you to change your HCRA and DCRA elections. You may wish to increase your HCRA and DCRA elections to accommodate the added medical expenses and/or day care expenses you may incur for this adopted child. A situation where you may wish to decrease your DCRA, for example, would be if your spouse decided to stay home with your child, and you no longer needed to set aside tax-free money for day care expenses.

If you experience a qualified life event, call the **Judiciary Benefits Center** at **1-888-442-3539** within sixty (60) days of the event if you'd like to make a change.

Depending on the life event, you may be able to:

- Start a Reimbursement Account;
- Terminate a Reimbursement Account;
- Increase your elections to a Reimbursement Account; or
- Decrease your elections to a Reimbursement Account.

Upon notification of your qualified life event, the Judiciary Benefits Center will mail you a new Salary Reduction Agreement and/or a “change in status” form for you to complete and return. Your change will go into effect the beginning of the pay period that coincides with or immediately follows receipt of the form. If you have a baby or adopt a child, the election will go into effect retroactively to the date of the birth or placement for adoption, as required by HIPAA.

If You Enroll Mid-Year

If you become eligible to enroll in the Reimbursement Accounts mid-year due to a qualified life event, or if you join the Plan mid-year as a new hire, your annual election amount will be divided by the number of pay periods remaining in the year. That amount will be deducted from your paycheck in equal installments throughout the rest of the year. Expenses are only reimbursable from the effective date of your enrollment until the end of the Plan Year. Your effective date is based on the date your Salary Reduction Agreement is received by the Judiciary Benefits Center.

For example, let's say you are hired in August when there are ten (10) pay periods remaining in the calendar year. If you elect to contribute \$2,000 into a HCRA, that \$2,000 will be divided by the remaining ten (10) pay periods—\$200 per pay period. You may only submit claims for expenses that you incur from your enrollment effective date to the end of the calendar year. Due to the 2½ month grace period being extended to HCRA, you now have until March 15 of the following Plan Year to incur eligible HCRA expenses and apply them toward the prior Plan Year balance.

How am I reimbursed?

Your reimbursement will be sent to you direct deposit via Electronic Funds Transfer (EFT) to the same account as your pay. If you do not receive your pay by direct deposit, you will receive a paper check. If you submit a claim that is less than \$50, you will not be reimbursed until your submitted claims total at least \$50. However, this \$50 threshold is waived at the end of each quarter, as well as the end of the Plan Year.





Forfeiture of Unclaimed Benefits

There are certain situations under which reimbursements can be forfeited or delayed. While the Judiciary Benefits Center is committed to paying claims promptly, you may forfeit or delay reimbursement if:

- You or your beneficiary do not properly file a reimbursement request within the time period required—by April 30, following the Plan Year;
- You do not furnish information or supporting documentation required to complete or verify your claim; or
- You do not cash a reimbursement check by the close of the Plan Year following the one in which you incurred the health or dependent care expense.

You should also be aware that reimbursements are not payable for dependents who become ineligible due to age, marriage or divorce.

What happens if I take a leave of absence?

If you take a leave of absence, including one that qualifies under the federal Family and Medical Leave Act (FMLA), here's what happens to your participation in the HCRA and/or DCRA.

How FMLA Leave Affects Your Coverage

If you take a leave of absence under the FMLA, you may continue your participation in the Plan. If you receive compensation during your leave, you will continue your contributions with pre-tax dollars. If you do not receive pay and wish to continue participation, you must “catch-up” on contributions when you return to a pay status. However, these “catch-up” contributions cannot cross Plan Years. If you stop your participation in the Plan during your FMLA leave, you are entitled to be reinstated in the program upon your return, on the same terms as before taking FMLA leave.

Leave Without Pay (LWOP)

If you are going on an unpaid leave of absence, you have several options regarding your Reimbursement Account participation. You can choose to accelerate your contributions prior to your leave, recalculate your contributions upon return from your leave or make after-tax payments to continue participation. You may change or cancel your Reimbursement Account election due to a qualified life event (as explained on page 13) if your change in election is consistent with the circumstances of your leave.



Paid Leave

Your participation in the Reimbursement Accounts will not be affected if you are granted a paid leave of absence. Payroll deductions will continue, and you can still use your Reimbursement Accounts to reimburse yourself for eligible expenses. You may change your Reimbursement Account election due to a qualified life event (as explained on page 13) if your change in election is consistent with the circumstances of your leave.

What Happens to Your Benefits in the Event of Your Death

If you die while you are a Plan participant, any benefit payable from your Reimbursement Accounts will be paid to your surviving spouse if you are married. Otherwise, the benefit will be paid to your estate. If there is doubt as to the right of the beneficiary to receive any amount, the Plan Administrator may retain the benefit payment until the right to payment is determined, without liability for any interest. Your dependent can file claims on your behalf for expenses that were incurred before your death.

When does my participation in the Reimbursement Account(s) end?

Your eligibility to participate in the Reimbursement Account(s) will end when:

- You reach the end of the plan year, unless you reelect during the Annual Enrollment Period. (However, if you later experience a qualified life event, you can choose to enroll at that time);
- You lose your eligibility status based on your type of employment;
- You are no longer employed by the Federal Judiciary; or
- The Administrative Office of the U.S. Courts terminates the Flexible Benefit Program.

What happens if I leave the Federal Judiciary?

If you terminate employment during the year, your participation in the Flexible Benefit Program ends. Although you may be eligible to continue your FEHB Program coverage through Temporary Continuation of Coverage (TCC), you do not have the option to continue your contributions to the HCRA or the DCRA. For the HCRA, you can still be reimbursed for eligible expenses you incur up to your last day worked. For the DCRA, if you have a balance in your account, you can be reimbursed for eligible expenses incurred up to the end of the Plan Year.



The Health Care Reimbursement Account

Your Health Care Reimbursement Account (HCRA) allows you to set aside tax-free contributions to pay for eligible medical, dental and vision expenses that are not covered under your health insurance. The expenses you submit for reimbursement may be for you or any of your covered dependents. You cannot be reimbursed for expenses other than for you or your eligible dependents.

The HCRA Definition of Dependent

For the purposes of your HCRA, dependents are defined as either a child until December 31st in the calendar year in which they turn 26 (as provided in Internal Revenue Code Section 105(b)) or a “qualifying child” or “qualifying relative” as provided in Internal Revenue Code Section 152 as revised by Working Families Tax Relief Act of 2004 (WFTRA). In some cases an individual may not meet the definition of “child” but might still be eligible as a “qualifying child” or “qualifying relative”.

In general, a “child” is defined as the participant’s:

- Son
- Daughter
- Stepson
- Stepdaughter
- legally adopted child; or
- eligible foster child.

Such child is eligible for coverage until the end of the year in which the child attains age 26.

“Adopted child” means a legally adopted individual of the taxpayer, or individual who is lawfully placed with the participant for legal adoption by the participant. “Eligible foster child” means an individual who is placed with the participant by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

The following will generally qualify as a “qualifying child”. An individual who:

- 1) is a child of the employee or descendant of such child; or is a brother, sister, stepbrother or stepsister of the employee or a descendant of any such relative;
- 2) the individual must have the same principle place of abode as the employee for more than half the year;
- 3) the individual must be under age 19, or if a full-time student, under age 24. There is no age requirement if the individual is permanently or totally disabled;
- 4) the individual must not provide more than half of their own support.

In general a “qualifying relative” is defined as someone who meets the following four tests:

- 1) have a specified relationship to the employee, including:
 - a) a child (natural, adopted, foster, and/or step child) and descendant of such child
 - b) a brother or sister (including step siblings)
 - c) parent or ancestor
 - d) step parent (not including ancestors)
 - e) aunt/uncle
 - f) niece/nephew
 - g) in-laws; or
 - h) any other individual not listed above (i.e., a non-relative) who has the same principal place of abode as the taxpayer and is a member of the taxpayer’s household (i.e., the individual lives with the taxpayer). Even though not related, the fact that they may receive over half their support from the taxpayer and reside with the taxpayer cause them to be treated the same as other family members.
- 2) is not a “qualifying child” of any taxpayer (as defined in Section 152(c) as amended by WFTRA); and
- 3) receives over half of his/her support from the taxpayer.

How much should I contribute to my HCRA?

During the Annual Enrollment Period, you decide how much to contribute to your HCRA for the upcoming Plan Year. You may contribute a minimum of \$100, up to a maximum of \$2,700 per year.

Your contribution for the year will be divided equally by the number of pay periods in the year (12 for judges and 26 for employees). The result is the amount deducted from each of your paychecks throughout the year.

For example, if you estimate your annual health care expenses and decide that \$1,200 would be a sensible election, that \$1,200 would be divided by the twenty-six (26) pay periods in a year. The result, \$46.15, would be subtracted tax-free from your paycheck each pay period.

For mid-year enrollments, elections will be divided equally by the number of pay periods that remain in the Plan Year.



HOW MUCH SHOULD I CONTRIBUTE TO A HCRA?

Use the worksheet on page 27 to estimate your annual reimbursable health care expenses.



HOW CAN A HCRA HELP ME IF I'VE ALREADY ENROLLED IN THE FEHB PROGRAM?

A HCRA offers you a tax break on health care expenses that are not covered or paid for in full by the FEHB Program. You can submit claims for your out-of-pocket expenses, such as eye exams, glasses, and prescribed medicine.

THE HCRA VS. INCOME TAX DEDUCTIONS

For many people, using the HCRA provides a tax break that they would not otherwise receive. To deduct unreimbursed health care expenses from your federal income tax, you must submit an itemized income tax return, and you can only deduct health care expenses that exceed 10% of your adjusted gross income.

For example, if your adjusted gross income is \$55,000, your health care expenses would have to be at least \$5,500 for the year before you begin to get a tax break.

Reimbursement Accounts do not impose a minimum percentage rule before you are entitled to a tax-savings. Although you must contribute at least \$100 into your account during the Plan Year, you may begin receiving reimbursements for the first eligible health care expense you incur during the Plan Year. This means that the whole amount you elected for the Plan Year is available to you on January 1 even if you have not had the money deducted from your pay yet. You may submit claims as you receive them, and usually you receive your reimbursements within five (5) days from the time they are received.

What expenses are eligible for reimbursement?

Important Notice: Over-the-counter drugs and medicines that have not been prescribed by a physician are not eligible for reimbursement from the HCRA. Over-the-counter drugs and medicines must be prescribed by a physician in order to be eligible for reimbursement from the HCRA. Over-the-counter items other than drugs or medicine that are purchased to alleviate or treat an illness or injury (e.g., bandages, sterile gauze) are still eligible for reimbursement without a prescription.

Generally, expenses you may submit for reimbursement include annual deductibles, copayments or items not covered by your health care plan, such as for vision and dental care. The amount you contribute toward health care coverage, or health care premiums, are not considered an eligible reimbursable expenses. Section 105 of the Internal Revenue Code regulates what expenses may be reimbursed under a HCRA.

In addition, to qualify as reimbursable, an expense must:

- Meet the criteria of tax-deductibility as a medical, vision or dental expense; or be an over-the counter drug or medicine prescribed by a physician; or injury;
- Not be covered, paid or reimbursed from any other source;
- Not be insurance premiums;
- Not be taken as a deduction on your federal income tax return;

- Not exceed the amount you have elected to contribute to a HCRA; and
- Be verified in writing that you or your dependent have incurred the expense within the Plan Year.

IMPORTANT: If you or your spouse participate in an HSA, you cannot enroll in the HCRA.

Examples of Eligible Expenses for Reimbursement

The following list is based on the information contained in the various IRS Codes that govern these types of plans.

- Acupuncture
- Alcoholism treatment (amounts you pay for inpatient treatment at a therapeutic center for alcohol addiction, including means and lodging provided by the center during treatment; also, transportation costs you pay to attend meetings of an Alcoholics Anonymous Club in your community if your attendance is pursuant to medical advice that membership in an Alcoholics Anonymous Club is necessary for the treatment of a disease involving the excessive use of alcoholic liquors)
- Air conditioners*
- Ambulance
- Artificial limb
- Artificial teeth
- Autoette (*see wheelchair*)
- Birth control pills
- Braille books and magazines (the part of the cost of Braille books and magazines for use by a visually-impaired person that is more than the price for regular)
- Capital expenses (amounts you pay for special equipment installed in your home, or for improvements, if their main purpose is medical care for you, your spouse, or a dependent, such as constructing entrance or exit ramps for your home)
- Car (the cost of special hand controls and other special equipment installed in a car for the use of a person with a disability, or the extra cost of a car specifically designed to hold a wheelchair)
- Chiropractor
- Christian science practitioner
- Contact lenses (amounts you pay for contact lenses needed for medical reasons, as well as the cost of equipment and materials required for using contact lenses, such as saline solution and enzyme cleaner)—but not insurance for contact lenses





- Cosmetic surgery that is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease
- Crutches
- Deductibles, copayments and coinsurance paid under a group health care plan in which you participate (such as a company sponsored plan or one sponsored by your spouse's employer)
- Dental treatment
- Drug addiction treatment (amounts you pay for inpatient treatment at a therapeutic center for drug addiction, including meals and lodging provided by the center during treatment)
- Drugs (*see medicines*)
- Electrolysis or hair removal (*see cosmetic surgery*)
- Eyeglasses (amounts you pay for eyeglasses and contact lenses needed for medical reasons, and fees paid for eye examinations)
- Guide dog or other animal
- Health institute, if the treatment is prescribed by a physician and the physician issues a statement that the treatment is necessary to alleviate a physical or mental defect or illness in the individual receiving the treatment.
- Hearing aids (the cost of a hearing aid and the batteries you buy to operate it)
- Home care (*see nursing services*)
- Hospital services
- Items used primarily to prevent or alleviate a physical or mental defect or illness; for example, the full cost of a wig purchased upon the advice of a physician for the mental health of a patient who has lost all of his or her hair from disease can be included.
- Laboratory fees
- Lead-based paint removal (the cost of removing lead-based paints from surfaces in your home to prevent a child who has or has had lead poisoning from eating the paint)
- Learning disability (tuition fees you pay to a special school for a child who has severe learning disabilities caused by mental or physical impairments, including nervous system disorders, provided your doctor recommends that the child attend the school; or tutoring fees you pay on your doctor's recommendation for the child's tutoring by a teacher who is specifically trained and qualified to work with children who have severe learning disabilities; also see *schools and education, special*)

- Legal fees necessary to authorize treatment for mental illness
- Lodging, if necessary to receive medical care
- Massage therapy (when prescribed by a doctor to treat a specific injury)
- Medical information plan (amounts paid to a plan that keeps your medical information so that it can be retrieved from a computer data bank for your medical care)
- Medicines (the cost of expenses you pay for prescribed drugs and medicines; insulin)
- Mentally retarded, special home for (the cost of keeping a mentally retarded person in a special home—not the home of a relative—on the recommendation of a psychiatrist to help the person adjust from life in a mental hospital to community living)
- Mileage (the amount per mile is adjusted annually. Refer to the Flexible Spending Eligible Expense Guide for applicable amount. Use of your car is eligible if the trip is primarily for, and essential to, receiving medical services).
- Nursing home (the cost of medical care in a nursing home or home for the aged for yourself, your spouse, or your dependents, including the cost of meals and lodging in the home, if the main reason for being there is to get medical care)
- Nursing services
- Operations
- Optometrist (*see eyeglasses*)
- Organ donor (*see transplants*)
- Osteopath
- Over-the-counter drugs and medicines prescribed by a health care provider and accompanied by an adequate receipt and a physician's prescription. An adequate receipt includes the name of the product, the date, and the amount paid. A copy of the label from the product or its packaging is required if the receipt does not clearly identify the product. The correct price of the product should be circled on the receipt if other items are purchased.

A physician's prescription must be legible and include:

1. Date written
2. Name of the person for whom the prescription applies
3. Specific name of the OTC item ("muscle relaxant" is not specific. "Ibuprofen" is specific.)
4. Dosage requirement
5. Number of refills (If there is not a number of refills indicated on the prescription, the prescription is good for only one fill of the medicine.)
6. Provider's address



WHAT IF I HAVE A QUESTION ABOUT WHAT QUALIFIES AS AN ELIGIBLE EXPENSE?

You may refer questions to the Judiciary Benefits Center at 1-888-442-3539. A Benefits Counselor will be able to assist you.



HOW DO I GET A REIMBURSEMENT ACCOUNT CLAIM FORM?

Reimbursement Account Claim Forms are available online through the J-Net, <https://judiciary.adp.com> or by calling the Judiciary Benefits Center at 1-888-442-3539.

- Oxygen (oxygen and oxygen equipment to relieve breathing problems caused by a medical condition)
- Prosthesis
- Psychiatric care
- Psychoanalysis
- Psychologist
- Schools and education, special (payments to a special school for a mentally impaired or physically disabled person if the main reason for using the school is its resources for relieving the disability)
- Smoking cessation programs and prescribed drugs to alleviate nicotine withdrawal*
- Sterilization
- Surgery
- Telephone (the cost and repair of special phone equipment that lets a hearing impaired person communicate over a regular telephone)
- Television (the cost of equipment that displays the audio part of television programs as subtitles for hearing impaired persons)
- Therapy, including “patterning” exercises (payments you make to an individual for giving “patterning” exercises to a mentally retarded child)
- Transplants (payments you make for surgical, hospital, laboratory, and transportation expenses for a donor or possible donor of a kidney or other organ)
- Transportation (amounts you pay for transportation if the trip is primarily for, and essential to, receiving medical services; you may be able to include up to \$50 per night for lodging if the trip is to another city)
- Weight reduction program for physician-diagnosed obesity
- Wheelchair (amounts you pay for an autoette or a wheelchair used mainly for the relief of sickness or disability and not just to provide transportation to and from work, the cost of operating and keeping up the autoette or wheelchair is also a medical expense)
- Whirlpool baths*
- X-rays

*Expenses that must be accompanied by a doctor’s certification indicating the medical disorder, the specific treatment needed and how this treatment will alleviate the medical condition.

What expenses are not eligible for reimbursement?

The following expenses are not eligible for reimbursement from your HCRA:

- Cosmetic surgery or medication that is not medically necessary
- Expenses claimed on your income tax return
- Expenses not eligible to be claimed as an income tax deduction
- Over-the-counter drugs and medicines that have not been prescribed by a health care provider and accompanied by an adequate receipt and a physician’s prescription

- Expenses reimbursed by other sources, such as insurance companies
- Fees for exercise/athletic/health clubs where there is no specific medical reason for membership
- Illegal treatments, operations, or drugs
- Insurance premiums
- Postage/handling fees
- Weight reduction programs for general well-being

IMPORTANT: If you or your spouse participate in an HSA, you cannot enroll in the HCRA.

How do I file a claim for reimbursement?

You can submit a claim for any dollar amount for an expense incurred during the Plan Year or during the 2½ month grace period immediately following the Plan Year. However, if you submit a claim for an expense that is less than \$50, you will not be reimbursed until your submitted claims total at least \$50. Remember, an expense is incurred when you receive the service, not when you pay for the service. This \$50 threshold is waived at the end of the Plan Year, when you file your last claim.

Follow these three steps for quick and convenient reimbursement:

1. Gather your supporting documentation, which includes one of the following:
 - An Explanation of Benefits (EOB) from your insurance carrier. This will show the amount of expenses paid by the carrier and the amount you must pay, the date of service, who received the service and the provider's name; or
 - A receipt from the provider showing the type of service or product, the date the service was incurred, who received the service, the provider's name and address, and the amount of the expense.
2. You have three options to submit your claim.
 - o **Online:** Log in to your account on the Judiciary Benefits Center web site for online claim submission.
 - o **Fax:** Completed claim form to 1-800-778-0045.
 - o **Mail:** Completed claim form to:

Judiciary Benefits Center
P.O. Box 35680
Louisville, KY 40232

**Make sure to sign and date the claim form and keep a copy with your supporting documentation for your records if you fax or mail in your form.*





HOW CAN I TRACK MY ACCOUNT BALANCE?

Call the Judiciary Benefits Center at 1-888-442-3539 for information about your account balance and the status of your last claim.

This automated system is available 24 hours a day except during occasional system maintenance.

Deadline to Submit Claims

You can submit claims at any time during the Plan Year for expenses incurred while you were an active employee during the Plan Year. You also have until April 30 of the following year to submit expenses for the previous Plan Year.

You will be mailed a third quarter statement that details your account activity, claim payment, and remaining funds available for reimbursement

When will I receive my reimbursement?

Typically, once your claim form and proper documentation is received by the Judiciary Benefits Center, your reimbursement will be sent within five (5) business days. If you have payroll direct deposit, your reimbursement will be made via Electronic Funds Transfer (EFT) to the same account as your paycheck. If you do not have direct deposit, you will be mailed a check.

Qualified Reservist Distribution

Effective January 1, 2010, the Employer has established a “qualified reservist distribution” for the HCRA offered under the Flexible Benefits Plan that allows certain participants to request a distribution of unused HCRA funds, if any, in the event that the participant is called or ordered to active military duty for (i) 180 days or more or (ii) for an indefinite period.

In order to be eligible for a Qualified Reservist Distribution, you must:

- o be a member of a “reserve component” (as defined in section 101 of title 37 of the United States Code), which means a member of the Army National Guard; the Reserve for the U.S. Army, Navy, Marine Corps, Air Force, or Coast Guard; Air National Guard of the United States; or the Reserve Corps of the Public Health Service;
- o be called or ordered to active military duty for (i) 180 days or more or (ii) for an indefinite period;
- o be a participant in the HCRA on the date you are called or ordered to duty;
- o provide a copy of your order or call to active duty; and
- o satisfy the Plan’s election requirements for Qualified Reservist Distributions.

If you believe you are eligible for a Qualified Reservist Distribution, you must contact the Judiciary Benefits Center to request a distribution request form as soon as possible. A request for a Qualified Reservist Distribution must be made in writing on the form provided by the Administrator. You must submit a copy of your order or call to active duty along with your request. Requests for a Qualified Reservist Distribution must be made on or after the date of the order or call to duty but before the last day of the Plan Year (or grace period, if applicable) during which the order or call to duty occurred. You will receive your Qualified Reservist Distribution within a reasonable period of time, but no later than sixty (60) days after your request has been received.

A Qualified Reservist Distribution will be made based on all salary reduction amounts credited to your HCRA for the applicable Plan Year that have not been applied to provide Health Care Reimbursements submitted before the Qualified Reservist Distribution request is submitted. Claims incurred and submitted but not yet reimbursed at the time the Qualified Reservist Distribution Request is received will be treated like any other claim submitted for reimbursement under the HCRA. Notwithstanding anything to the contrary, if you elect to receive a Qualified Reservist Distribution, you forfeit any right to reimbursement that would otherwise be available under the Plan.

The Judiciary Benefits Center will determine what this amount is in a uniform basis, consistent with applicable law and IRS interpretations.

Unlike your reimbursements from your HCRA for eligible expenses, the amount of your Qualified Reservist Distribution is taxed as income and will be reported as income on your W-2.

Qualified Reservist Distributions do not apply to amounts in your DCRA.

Immediate Access to your Health Care Account Balance

In the HCRA, you have access to the full amount you've elected to contribute into your account, even before all of the deposits from your paycheck have been made. This means that even at the beginning of the Plan Year, you have access to the total amount you elected to set aside pre-tax for eligible health care expenses as soon as the expenses are incurred.



WHAT IF I HAVE A QUESTION?

**Call the Judiciary
Benefits Center at
1-888-442-3539
Monday through Friday
from 9:00 AM to
9:00 PM EST.**



Things to Remember

- Carefully consider your expenses. Once you make an election, you cannot change it unless you experience a qualified life event. Any money that you do not use in your account will not be refunded to you.
- Over-the-counter drugs and medicines that have not been prescribed by a health care provider or that are not accompanied by an adequate receipt and a physician's prescription are not eligible for reimbursement.
- Insurance premiums (such as health, dental or long-term care) are *not* an eligible HCRA expense.
- You cannot use the money in your HCRA to pay for dependent care expenses such as daycare or elder care providers.
- You will not pay Social Security taxes on the money you contribute to your HCRA; therefore, your Social Security benefits may be slightly reduced in the future.
- However, the tax savings you realize by using the HCRA usually offsets any reductions to Social Security benefits.
- An expense is considered incurred on the date the service or treatment is provided, NOT on the date you pay for it.
- You have until April 30 of the following year to submit claims for expenses incurred during the previous Plan Year.
- If you terminate employment, you can only be reimbursed for eligible expenses you incur up to your last day of work.
- You may not be enrolled in a HCRA if you also have a Health Saving Account (HSA). If you elect a High Deductible Health Plan and do *NOT* open an HSA with your medical carrier, you may contribute to a HCRA for reimbursement of eligible medical and dental expenses.
- If you or your spouse participate in an HSA, you cannot enroll in the HCRA.

Worksheet to Estimate HCRA Contributions

The following worksheet will help you determine how much pre-tax salary to deposit into the HCRA. Refer to this sheet when you need to re-enroll during the Annual Enrollment Period. You may also use the interactive FSA decision support tool online via the Judiciary Benefits Center. Log in and select FSA Decision Support Tool from the left-hand menu.

Annual Eligible Health Care Expenses Amount	Estimate
• Enter the amount you pay toward a medical plan deductible	\$ _____
• Enter the amount you pay toward copayments or coinsurance	\$ _____
• Enter your payments for covered medical expenses after the deductible	\$ _____
• Enter any vision expenses (including eyeglasses, exams, and contact lenses and solutions) not covered by your medical or vision plan	\$ _____
• Enter any dental expenses not covered by your medical or dental plan	\$ _____
• Enter the amount you spend on prescription drugs that are not covered by your medical plan	\$ _____
• Enter the amount you spend on over-the-counter drugs prescribed by a physician	\$ _____
• Enter any other non-covered medical expenses	\$ _____
Total Eligible Expenses	\$ _____
Divided by the number of pay periods (12 for judges, 26 for employees)*	\$ _____
Estimated Health Care Reimbursement Account Contribution Per Pay Period	\$ _____

* Remember if you enroll mid-year, divide by the number of pay periods left in the Plan Year. Only eligible expenses incurred after your effective date are eligible for reimbursement.





DOES MY PROVIDER HAVE TO GIVE ME HIS OR HER SOCIAL SECURITY NUMBER?

Yes. In order for you to get reimbursed for the dependent care expense, your provider must give you his or her tax ID number or Social Security number and the caregiver must declare your payment as taxable income.

The Dependent Care Reimbursement Account

Like the Health Care Reimbursement Account, you may set up a Dependent Care Reimbursement Account (DCRA) by agreeing to contribute a portion of your salary before taxes are taken out and use it to pay for qualifying dependent care expenses. Your DCRA contributions may be used to pay for the care of your children or your qualified dependents so you (and if you're married, your spouse) can work. The money in your account may also be used so that your spouse may attend school full-time while you work.

WHICH IS BEST FOR YOU: THE DCRA OR THE DEPENDENT CARE TAX CREDIT?

Before you enroll in the DCRA, you will need to consider which is best for you, the DCRA or the Federal Dependent Care Tax Credit. Some people may find the Tax Credit a better option than the DCRA. Please consult a tax professional for more details.

Eligible Dependents Under the DCRA

The IRS defines your eligible dependents under the DCRA as “qualifying Individuals” under Internal Revenue Code Section 21(b)(1):

- Your children as defined by IRC Section 152(a)(1) who are under the age of 13 and who have the same principle residence, receive over half of his/her support from you, and not considered a qualifying child of any other taxpayer, and/or
- A spouse or adult (age 13 and up) if they:
 - Are physically or mentally incapable of caring for him/her self, and
 - Has the same principle place of abode for more than half the year.

For children of divorced or separated parents, only the custodial parent may set up a DCRA account.

How much should I contribute to my DCRA?

The minimum contribution you may make to your DCRA is \$100 per year. If you are single, or married and filing a tax return jointly with your spouse, you may contribute up to \$5,000 each Plan Year. If you are married and filing a separate tax return, your annual contribution maximum is \$2,500.

Your contribution for the year will be divided by the number of pay periods in the year (12 for judges and 26 for employees). This amount will be deducted from each of your paychecks throughout the year.

For example, if you estimate your annual dependent care expenses and decide that \$5,000 would be a sensible election, that \$5,000 would be divided by the twenty-six (26) pay periods in a year. The result, \$192.30, would be subtracted from your earnings each pay period, tax-free.

For mid-year enrollments, elections will be divided equally by the number of pay periods that remain in the Plan Year.

Complete the worksheet on page 34 to estimate your reimbursable dependent care expenses.

What dependent care providers are eligible?

For DCRA purposes, eligible care providers include a friend, neighbor, or relative, and care can be provided inside or outside your home. Childcare centers that provide care for more than six (6) non-resident children must comply with state and local regulations.

In order for the dependent care expense to be considered eligible, your provider must give you his or her tax ID number or Social Security number. In addition, your caregiver must declare your payment as taxable income. Otherwise, the IRS may disqualify your reimbursement from special tax treatment and require you to pay taxes on it.

Expenses for care given by the following providers are not eligible for reimbursement through the DCRA:

- Your spouse, former spouse, or the child's parent;
- Your child under age nineteen (19); or
- Anyone you claim as a dependent on your tax return.

What expenses are eligible for reimbursement?

You may submit claims for reimbursement through the DCRA for eligible expenses.

The following list is based on the information contained in IRS Publication 503.

You may obtain a copy of Publication 503 at your local IRS office or on the IRS web site at <http://www.irs.gov>.





WHAT IF I HAVE TO PAY MY PROVIDER SIX (6) MONTHS IN ADVANCE?

With a DCRA account, you may only be reimbursed after the service is incurred and as funds have been deposited to your account, even if you pay for the service in advance. You must file your claims after the service is completely rendered, not when it is billed charged or paid.

Examples of Eligible Dependent Care Expenses

- Child care at a day camp
- Child care at a nursery school
- Child care by a private baby sitter
- Elder care for an incapacitated adult who lives with you at least eight (8) hours a day
- Expenses for pre-school and after school child care
- Cost of a housekeeper whose duties include the care of a qualifying dependent

What expenses are not eligible for reimbursement?

The following expenses are not eligible for reimbursement from your DCRA:

- Babysitting when you (and your spouse) are not at work or school
- Overnight camps
- Education or tuition (kindergarten and above)
- Expenses of a child care center that provides for more than six (6) non-resident children but does not comply with all applicable state and local laws
- Care given by an ineligible care provider, such as your spouse or dependent child
- Child care expenses you include on your income tax return for a federal tax credit
- Expenses for services not fully incurred (advance payments)
- Late payment fees
- Placement fees for finding a dependent care provider
- Sports lessons
- Field Trips
- Clothing

This is only a partial listing. For more complete information, see IRS Publication 503.

How do I file a claim for reimbursement?

The DCRA is set up as a “pay as you go” account. This means that dependent care expenses can only be reimbursed up to the amount available in your account. You have access to your Dependent Care funds once a contribution is deposited into your account. However, you can only be reimbursed as the service is incurred, even if you pre-pay several months in advance.

IRS regulations require that expenses must be fully incurred in order to claim reimbursement from your account. Expenses are considered to be fully incurred when the service is completely rendered and not when it is billed, charged or paid.

For example, if you pay for dependent care services for the full month of February, you cannot submit your claim for reimbursement until March 1st.

The date you submit your claim (or sign if sending by fax or mail) must be after the date the service was provided. If you submit a reimbursement request in the middle of the service period, the Judiciary Benefits Center will pro-rate the reimbursement request and will not approve the portion associated with services that have not been rendered. This means that:

- If you submit a Dependent Care claim to the Judiciary Benefits Center for processing with a future date of service, only the dates submitted that have been incurred and certified by your dependent care provider, will be reimbursed at that time. The Judiciary Benefits Center will then contact you via phone to advise you that a Dependent Care Recertification Form will need to be submitted to the Judiciary Benefits Center with your signature, and the signature of your dependent care provider, once the future date of the claim submission has passed.
- Once a the Judiciary Benefits Center representative has discussed the process with you or made two attempts to reach you via phone, you will receive a Dependent Care Recertification Form via fax or mail to allow you to resubmit for the amounts which were previously unable to be reimbursed to you. The Dependent Care Recertification Form must be received in order for the denied amounts representing “future dates of service” to be reimbursed to you. An electronic copy of the form can be found on the J-Net and under the Claim Forms section in the Resource Center at <https://judiciary.adp.com>.

For example, you can not be reimbursed for July’s daycare expenses until July even if you had to pay for them in advance and even if you have the money in your Reimbursement Account. If you file an eligible claim for more than your account balance, the difference will pend until subsequent payroll deductions are received into your account.



WHERE CAN I FIND MORE INFORMATION ABOUT MY ACCOUNT?

You can access your account information 24/7 via the Judiciary Benefits Center. Simply log in to your account at <https://judiciary.adp.com>. You will have access to enroll, review your benefit elections, and access your reimbursement account activity. Still have questions? Give us a call at 1-888-442-3539. Benefits Counselors are available Monday through Friday, 9:00am – 9:00pm, Eastern Time.



**WHO DO I
CONTACT IF I
HAVE A QUESTION?**

Call the Judiciary
Benefits Center at
1-888-442-3539
Monday through Friday
from 9:00 AM to 9:00 PM.

Follow the steps below for quick and convenient reimbursement:

1. Gather your supporting documentation such as detailed bills or receipts.

You should also include:

- Your dependent's name and date of birth;
- Provider's name, address, and tax ID or Social Security Number;
- The cost, place and date of the service(s) performed; and
- Receipt from the provider, or if none available, the provider's signature on the claim form.

2. You have three options to submit your claim.

- o **Online:** Log in to your account on the Judiciary Benefits Center web site for online claim submission.
- o **Fax:** Completed claim form to 1-800-778-0045.
- o **Mail:** Completed claim form to:

Judiciary Benefits Center
P.O. Box 35680
Louisville, KY 40232

**Make sure to sign and date the claim form and keep a copy with your supporting documentation for your records if you fax or mail in your form.*

You can submit claims at any time during the Plan Year for expenses incurred during the Plan Year. You have until April 30 of the following year to submit expenses for the previous Plan Year.

When will I receive my reimbursement?

Typically, once your claim form and proper documentation is received by the Judiciary Benefits Center, your reimbursement will be sent within five (5) business days. If you have payroll direct deposit, your reimbursement will be made via Electronic Funds Transfer (EFT) to the same account as your pay. If you do not have direct deposit, you will be mailed a check.

Dependent Care Account Availability

You will be mailed a third quarter statement that details your account activity, claim payment and remaining funds available for reimbursement.

Things to Remember

- In general, the annual amount you submit for reimbursement from your DCRA can not exceed the lesser of your taxable income or your spouse's taxable income.
- In order to be reimbursed through your DCRA:
 - The expenses you submit must be necessary to enable you (and your spouse) to work;
 - You (and your spouse, if married) must be working, looking for work (with income during the year), or attending school full-time.
 - Your dependent must be under age thirteen (13) or physically or mentally incapable of caring for himself or herself (for example, a disabled spouse, an elderly parent, or grandparent) to receive reimbursement from the DCRA;
 - Your dependent must be eligible to be claimed as a dependent on your federal income tax return; and
 - Your dependent must reside in your home for at least eight (8) hours per day.
- Carefully consider your expenses. Once you make an election, you cannot change it unless you experience an IRS qualified life event (see page 13). Any money that you do not use in your account will not be refunded to you.
- You will not pay Social Security taxes on the money you contribute to your DCRA; therefore, your Social Security benefits may be slightly reduced in the future. However, the tax savings you realize by using the DCRA usually offset any reductions to Social Security benefits.
- You have until April 30 of the following year to submit claims for expenses incurred during the previous Plan Year.
- You may not use the money in your DCRA to pay for health care expenses.
- You can only be reimbursed up to the amount available in your account. If you file an eligible claim for more than your account balance, the difference will "pend" until subsequent payroll deductions are received into your account.
- You'll need to file Form 2441 "Child and Dependent Care Expenses" when you file your federal tax return. The amount of your DCRA election for the Plan Year will appear in box 10 on your W-2 tax form.
- If you retire or terminate employment mid-year, you will be able to submit claims for expenses that you incurred prior to your retirement/termination date. Expenses you incur after you leave your employer are not eligible for reimbursement.
- If you have a balance in your DCRA after terminating employment mid-year and you incur eligible expenses after your termination date but before the end of the Plan Year, you may submit these claims for reimbursement. This only applies to the Dependent Care Reimbursement Account. Remember, for expenses to be eligible for reimbursement, they must be necessary so you and your spouse (if you are married) can work, look for work or attend school full-time.
- Remember, though the Federal Judiciary adopted the grace period for HCRA, DCRA expenses must still be incurred by December 31 of the current Plan Year.





Worksheet to Estimate DCRA Contributions

This worksheet can assist you in deciding how much to allocate to your DCRA.

1. To be eligible for this type of account you and your spouse or the other parent must both work or your spouse must be disabled or a full time student. Do you fulfill this requirement?
_____ Yes _____ No

2. (a) Do you have dependents under age thirteen (13) whom you claim as tax exemptions on your tax return?
_____ Yes _____ No

(b) Do you have a mentally or physically disabled spouse or dependent who lives with you and is unable to care for himself or herself?
_____ Yes _____ No

(c) Do you pay someone to care for these dependents so that you and/or your spouse or the other parent may work?
_____ Yes _____ No

If you answered "Yes" to (c) **and** either (a) or (b) above, you may qualify for a DCRA.

3. How much are you planning to pay someone to care for your child or disabled dependent while you work during the Plan Year?

Keep in mind the school year, summer day camp, etc...

Cost

- Nursery school or day camp \$ _____
- A baby sitter \$ _____
- A day care center for children/elderly \$ _____
- A nurse at home \$ _____
- Maids or housekeepers who care for your eligible dependent \$ _____
- Other \$ _____

Your Dependent Care Cost \$ _____

4. Review your dependent day care costs and decide how much to contribute to your DCRA. Keep in mind that the IRS limits dependent day care tax exemptions in different ways for married people filing jointly and married people filing separate returns. Fill in the amount below.

Final Amount: \$ _____ (Full Year Maximum = \$5,000, maximum is \$2,500 if you are married and filing separately)

5. Divide your final amount (see 4. above) by the number of paychecks you will receive during the calendar year. You may contribute from \$5.00 to \$192.30 per pay period.

$$\begin{array}{rcccl}
 \$ \underline{\hspace{2cm}} & \div & \underline{\hspace{2cm}} & = & \$ \underline{\hspace{2cm}} \\
 \text{Final Amount} & & \text{No. of Pay Periods in Year} & & \text{Payroll Deduction} \\
 & & \text{(Full Year = 12 for judges,} & & \\
 & & \text{26 for employees)} & &
 \end{array}$$

NEW FSA DECISION SUPPORT TOOL:

Interactive tool available online at <https://judiciary.adp.com> to help guide you in making your dependent care and health care elections for the Plan Year.

Health Savings Accounts

What is a Health Savings Account for which contributions can be made under this Plan?

A Health Savings Account (“HSA”) is a personal trust or custodial account you establish with a custodian or trustee (hereafter collectively referred to as “Custodian”) to be used for reimbursement of “eligible medical expenses” incurred by you (the “Account Beneficiary”) and your tax dependents, as set forth in Code Section 223. The HSA is administered by the HSA Custodian subject to the terms and conditions set forth in the HSA custodial (or trust) Agreement between the Account Beneficiary and the Custodian.

The HSA is not an employee benefit plan sponsored or maintained by the Employer. The Employer’s role with respect to the HSA is limited to making contributions through this Plan to the HSA established by you with the Custodian (through Employer contributions and/or pre-tax salary reductions elected by you). The Employer has no authority or control over the funds once they are deposited in your HSA.

Who is eligible for HSA contributions under this Plan?

HSA eligibility is determined under IRS rules and the applicable terms and conditions of any custodial or trust agreement. You are eligible for Plan contributions to your HSA during any month if you satisfy all of the following three conditions on the first day of that month:

- (1) You are covered under a qualifying High Deductible Health Plan (as defined in Code Section 223) maintained by Employer;
- (2) You certify, in accordance with policies and procedures established by the Employer, that you satisfy all of the requirements to be an HSA Eligible Individual. As set forth in Code Section 223, you:
 - (i) must not be covered under any other health plan or program other than a qualifying High Deductible Health Plan (as defined in Code Section 223). Disqualifying coverage includes coverage under your spouse’s health plan or health FSA as well as other coverage that you have. On the other hand, “permitted coverage” (such as accident coverage, vision only, or dental only coverage), “permitted insurance” (such as specified disease coverage, cancer coverage, and hospital indemnity coverage), and preventive care as defined in Code Section 223 and related guidance are permissible; and
 - (ii) must not be enrolled in Medicare (including Medicare Parts A, B, and D); and
 - (iii) must not be eligible to be claimed as a tax dependent of any other taxpayer.





You are required to notify the Employer if you fail to satisfy any of these conditions prior to the first day of any month following the date that you are no longer eligible.

And

(3) You are otherwise eligible for this Plan.

Who is an Account Beneficiary?

You are an Account Beneficiary if you have properly enrolled in your own HSA in accordance with the terms of the applicable Custodial Agreement.

Who is a Custodian or Trustee?

The Custodian or Trustee is the entity with whom your HSA is established. To the extent the you are an Eligible Individual as defined above, you may establish an HSA with any Custodian; however, pre-tax HSA contributions and Employer HSA contributions, if any, that are made through this Plan will only be made to a Custodian designated by the Employer (“Designated Custodian”). Participants who establish HSAs with the Designated Custodian will be permitted to rollover funds from the HSA offered through his Plan to another HSA they choose (in accordance with the terms of the Custodial Agreement).

What are the rules regarding contributions made to an HSA under the Plan?

Contributions made under this Plan may consist of both pre-tax contributions made by you through this Plan and/or non-elective Employer contributions (if any) made by the Employer through this Plan. You may elect to contribute any amount to the HSA up to the annual contribution limit established under Code Section 223 (the “Maximum Annual Contribution Amount”).

The Maximum Annual Contribution Amount for an HSA offered under this Plan cannot exceed the sum of the “monthly limits” for each month during the Plan Year that you are an Eligible Individual (as described above). The monthly limit is 1/12 of the lesser of the statutory annual contribution amount for the applicable level of coverage (or such amount established under this Plan, if lesser) for each month that you are an eligible individual.

NOTE: There is a special rule for employees who become an Eligible Individual during the calendar year. If you are not an Eligible Individual (as defined above) for the entire calendar year but you are an Eligible Individual on December 1st, then you are treated

as being an Eligible Individual for the entire calendar year. For all months during the calendar year that you are treated as being an Eligible Individual solely as a result of this rule, you are considered as having the same coverage as is in effect in the last month of that year. You will be taxed on any contributions made to the HSA (and be subject to a 20% excise tax) under this rule for months that you were not an Eligible Individual if you cease to be an Eligible Individual during the following 13 month “Testing Period”. The testing period begins in December of the year in which you became an Eligible Individual and ends the last day of December of the following year.

The Maximum Annual Contribution amount will be prorated equally over the remaining pay periods following your effective date of coverage. No contributions will be withheld until you have provided evidence deemed sufficient by the Plan Administrator that you have established an HSA as set forth herein. As permitted by this Plan, if you are or will be age 55 or older before the end of the year and you properly certify your age to the Employer, the Maximum Annual Contribution amount described above may be increased by the “additional annual contribution” amount (as set forth in Code Section 223(b)(3)).

Employer Contributions are not mandated but if made, such contributions may be made at any time during the Plan Year in a lump sum amount or through periodic contributions (as determined in the sole discretion of the Employer and as communicated in Plan or HSA enrollment materials).

Your election to make HSA contributions through this Plan will not be effective until the later of the date that you make an HSA contribution election through this Plan (to the extent such election is approved by the Plan Administrator) or the date that you establish an HSA with the Custodian during the Plan Year (the effective date of the HSA is determined by the Custodian and/or applicable law). Employer may adjust contributions made under this Plan as necessary to ensure the Maximum Contribution Amount described above is not exceeded.

Any pre-tax salary reduction contributions that cannot be made to the HSA because it is determined that you are not an Eligible Individual (as described above), you have failed to establish an HSA with the Designated Custodian by December 31 (or such other date as determined by the Employer), or that the Maximum Annual Contribution amount has





been exceeded will be returned to you as taxable compensation or as otherwise set forth in the Plan or Plan enrollment material. Any Employer Contributions that cannot be made to the HSA because you are not eligible for such contributions will be returned to the Employer except as otherwise set forth in the Plan or the Plan enrollment material.

In the event excess contributions are made to the participant's HSA (i.e. the HSA has received contributions in excess of the Maximum Annual Contribution Amount), it will be your sole responsibility to work with the Custodian to remove the excess contribution (plus earnings on such contributions) prior to April 15th of the year following the year in which the contribution was made and to report the contributions (and earnings) as income when filing taxes at the end of the year on IRS Form 8889.

Where can I get more information on my HSA and its related tax consequences?

For details concerning your rights and responsibilities with respect to your HSA (including information concerning the terms of eligibility, qualifying High Deductible Health Plan, contributions to the HSA, and distributions from the HSA), please refer to your HSA Custodial Agreement and/or the HSA communication material provided by your Employer.

Important Administrative Information

Denial of Claims

If you submit an expense for reimbursement that is denied, you'll receive written notice within ninety (90) days after the receipt of your claim that will include:

- The specific reason or reasons for the denial;
- Specific reference to pertinent Plan provisions on which the denial is based;
- A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material is necessary; and
- An explanation of the Plan's claim review procedure.

You may appeal the denial, in writing, within sixty (60) days after you've received the notice of denial. The Plan Administrator will then review your claim. The decision on whether to deny or grant your claim will be sent to you within sixty (60) days after receipt of your request for review of your claim.

Employer's Right to Amend or Terminate the Plan

The Administrative Office of the U.S. Courts has the right to amend or terminate the Flexible Benefit Program at any time and without prior notice. The decision to terminate the Plan will be made in writing and will be approved by the Administrative Office of the U.S. Courts in accordance with its normal procedures for transacting business. Affiliated employers (Federal Judicial Center, United States Sentencing Commission, and the Supreme Court) may withdraw from participation in the Plan, but may not terminate the Plan.

Plan Administration

Both the Administrative Office of the U.S. Courts and the third-party administrator, Judiciary Benefits Center operated by ADP Benefit Services KY, Inc., play a role in providing you the benefits described in this booklet.

The third-party administrator for the Flexible Benefit Program, the Judiciary Benefits Center operated by ADP Benefit Services KY, Inc., determines eligibility, provides enrollment materials, processes enrollments/changes, adjudicates and pays claims for reimbursement, maintains account information, and answers employee questions.





The Administrative Office of the U. S. Courts has sole, complete, and final discretionary authority to make all determinations regarding eligibility, elections, contributions, reimbursements and administration under the PPP, the HCRA and DCRA and to construe all terms under the Plan documents and all other relevant documents.

Official Plan Documents Determine Benefits

This summary is based on the official Plan documents. If there is a difference between the description in this booklet and the official Plan documents, the Plan documents will always govern.

Plan Continuation

The Administrative Office of the U.S. Courts intends to continue maintaining the program described in this booklet. However, the Administrative Office of the U.S. Courts reserves the right to terminate or change the Plan at any time without advance notice.

Plan Participation Doesn't Guarantee Employment

Nothing in this booklet says or implies that participating in the Plan is a guarantee of continued employment with the Federal Judiciary.

Taxability of Benefits

The Employer makes no guarantee as to the excludability of benefits under this Plan from federal, state, or local taxes, and it shall be the employee's sole responsibility to pay any taxes due as a result of the payment of benefits hereunder.

Privacy Laws and Coverage

The Health Insurance Portability and Accountability Act of 1996, also known as HIPAA, prevents the disclosure of certain employee health information called Protected Health Information (PHI). ADP Benefit Services KY, Inc. is committed to keeping PHI secure and confidential and has instituted HIPAA-compliant privacy protections through their business operations, including all web-based transactions.

Plan Facts

Legal Name of Plan	Administrative Office of the U.S. Courts Flexible Benefit Program
Plan Sponsor	Administrative Office of the U.S. Courts One Columbus Circle, NE Washington, DC 20544
Plan Type	The Plan is an employee welfare benefit plan that is a cafeteria plan under Internal Revenue Code (IRC) Section 125 featuring medical flexible spending accounts under IRC Section 105 and dependent care assistance spending accounts under IRC Section 129
Plan Year	January 1 to December 31
Plan Administrator	Administrative Office of the U.S. Courts
Third-Party Administrator	Judiciary Benefits Center, operated by ADP Benefit Services KY, Inc. P.O. Box 3810 Alpharetta, GA 30023-3810 1-888-442-3539
Agent for Services of Legal Process	Administrative Office of the U.S. Courts
Plan Funding	Employee contributions are made through employee salary-reduction contributions. Costs for administering the Plans are paid by the Administrative Office of the U.S. Courts



