

Flexible Spending Accounts

Flexible Spending Accounts (FSAs) allow you to set aside pre-tax dollars to reimburse yourself for eligible health and/or dependent care expenses. When you're first eligible to enroll, and each year during open enrollment thereafter, you decide if you want to participate in the Health Care FSA (or Limited-Purpose FSA if you are enrolled in the *Value CDH Plan*), the Dependent Care FSA or both.

- **The Health Care Flexible Spending Account (FSA)** — for certain medical, dental, vision and hearing expenses not reimbursed by other health plans.
- **The Limited-Purpose Flexible Spending Account (FSA)** — for eligible expenses, such as dental and vision expenses when you enroll in the *Value CDH Plan*. You can also use the account for Health Care FSA-eligible expenses after you have met your *Value CDH Plan* deductible.
- **The Dependent Care Flexible Spending Account (FSA)** — for qualified dependent care expenses incurred so that you (and your spouse) can work or attend school full-time. This account is for dependent care expenses for children under the age of 13 and disabled dependents; it is **not** for dependent health care expenses.

FSA Debit Cards for Prescriptions

Using your PayFlex Card, your account debit card, is an easy, convenient way to access your Health Care Flexible Spending Account (FSA) funds to pay for prescriptions. Expenses are automatically deducted from your Health Care FSA, in most cases doing away with the need for an employee to pay the expenses up front, submit a claim and then wait for reimbursement.

To find a certified pharmacy near you, log on to www.aetnavigators.com.

Use PayFlex's Online Tools

The FSAs are administered by PayFlex, which offers many convenient online features to track and manage your accounts. Visit www.PayFlexDirect.com to use the following tools:

- **Account Details:** View your account balance and manage your funds.
- **My Resources:** View educational materials, forms and IRS publications.
- **Savings calculator:** Estimate your health care and dependent care expenses.
- **FAQs:** Review frequently asked questions about your FSAs.

If you don't have a user name and password, you will need to click on "Register Now" to get started. If you have already created an account, click on "Employee Account Login" to access your account information.

Tax Savings

FSA's can help you lower your taxes. When you participate, your contributions are taken out of your pay before federal income, Social Security taxes, and (in most cases) state income taxes are calculated and withheld. This means you lower your taxable income and pay less tax. Because this is a pre-tax benefit, your participation may slightly reduce your Social Security benefits when you retire. You should consult a tax advisor to determine the tax consequences, if any, for you personally.

Guidelines and Eligible Expenses

For 2015, the maximum Health Care FSA (or Limited-Purpose FSA if you are enrolled in the *Value CDH Plan*) annual contribution limit is \$2,500. If you and your spouse both have access to an FSA, you can each contribute \$2,500 for a total of \$5,000 per family.

FSA's operate under IRS guidelines and special rules apply. Only certain health care expenses are eligible for reimbursement under the Health Care FSA (or Limited-Purpose FSA if you are enrolled in the *Value CDH Plan*). For more information on using your FSA, including examples of eligible and ineligible expenses, please refer to the "Flexible Spending Accounts" Summary Plan Description at www.mycpchembenefits.com under "Benefit Handbooks."

*For more information about eligible and ineligible FSA expenses, see **IRS Publication 502, Medical and Dental Expenses**. The publication is available online at www.irs.ustreas.gov. Information is also available on www.aetna.com/fsa/index.html.*

Flexible Spending Accounts (FSAs) vs. Health Savings Accounts (HSAs)

Both FSAs and HSAs allow you to set aside money on a pre-tax basis to pay for health care expenses, but there are some differences:

- ***The money in an FSA must be spent by the end of the year or you lose it. Unused funds in an HSA remain in the account indefinitely, until you spend it.***
- *The money in an FSA cannot be invested and does not earn interest. The money in an HSA can be invested and the investment returns are tax-free if ultimately used for qualified medical expenses.*
- *You must be enrolled in the **Value CDH Plan** to open an HSA. Enrollment in a medical or dental plan is not required to open a Health Care FSA.*
- *Your HSA balance can be used to pay COBRA premiums, long-term care and Medicare premiums. Your FSA balance cannot be used for those premiums.*
- *Your HSA belongs to you and is portable, which means you can take it with you if you change employers or move to another HSA provider. Your FSA is not portable and is forfeited if you leave the Company, unless you continue coverage through COBRA.*
- *You can use your full year's FSA election amount any time during the plan year. In an HSA you can only use the funds that are in your account.*
- *You may change your annual election amount in an HSA at any time. You may only change your annual election amount in an FSA during Open Enrollment or as a result of a qualified status change.*

How to Use Your FSA Funds

If you pay for eligible expenses with cash, check or a personal credit card, you can submit an online request for reimbursement at www.PayFlexDirect.com or through the PayFlex Mobile application. Or you can fill out a paper claim form and fax or mail it to PayFlex.

You may also use the PayFlex Card, your account debit card, to pay for your eligible prescription drug expenses. When you use the card, the funds automatically come out of your Health Care FSA.

Streamline Reimbursement for Your FSA

When you enroll in a Health Care FSA (or Limited-Purpose FSA), if you are also enrolled in a Chevron Phillips Chemical medical or dental plan option, you will have the option to enroll in the streamline reimbursement feature. This feature allows you to be reimbursed automatically for eligible office visits and out-of-pocket expenses — no claim forms required! **Note:** This feature is not available for the Dependent Care FSA, prescription and OTC purchases.

And if you would like to receive your reimbursements directly into your checking or savings account, you can sign up for direct deposit by clicking on the Aetna Navigator link on www.mycpchembenefits.com, or through www.aetnanavigator.com.

Manage Your Accounts With the PayFlex Mobile App

The PayFlex Mobile application makes it easy for you to manage your FSA accounts 24/7. The free app is available for iPhone and iPad mobile devices, as well as Android and BlackBerry smartphones. The PayFlex Mobile app lets you:

- View your account balances and manage your account funds.
- Request reimbursement and view your transaction history.
- View PayFlex Card, your account debit card, purchases and submit documentation.
- View a list of common eligible expense items.
- Receive important alerts about the status of your accounts.

For more information about the PayFlex Mobile app, go to www.mycpchembenefits.com/health and look for PayFlex documents in the “Flexible Spending Accounts” section.

Using the Dependent Care FSA

The Dependent Care FSA allows you to use tax-free dollars to pay dependent care expenses so that you (and your spouse) can work or attend school full-time. Eligible dependents include:

- Your children under age 13 whom you can claim as dependents on your federal income tax return,
- Your spouse, if he or she is physically or mentally incapable of self-care, and
- Any other person considered a dependent for federal income tax purposes who is physically or mentally incapable of self-care, regardless of age.

You can set aside up to \$5,000 a year to pay for dependent care expenses. Your contribution is deducted from your paycheck in equal installments throughout the year. If you're married and file a joint tax return, the \$5,000 annual limit for the Dependent Care FSA applies to you and your spouse together. For more information on using the Dependent Care FSA, including examples of eligible and ineligible expenses, please refer to the "Flexible Spending Accounts" Summary Plan Description at www.mycpchembenefits.com under "Benefit Handbooks."

Additional details about eligible and ineligible expenses under the Dependent Care FSA can be found in **IRS Publication 503, Child and Dependent Care Expenses**, available through the IRS website at www.irs.ustreas.gov. Information is also available on www.aetna.com/fsa/index.html.

Dependent Expenses Reminder

You cannot contribute money to a Dependent Care FSA to be reimbursed for your dependent or child's medical expenses. Money set aside in this account can only be used for expenses incurred for daycare or comparable services while you are away at work.

Dependent Care FSA vs. Dependent Care Tax Credit

The IRS allows you to take a tax credit for eligible dependent care expenses. Under the Internal Revenue Code, the tax credit is a percentage of your dependent care expenses. To help you determine whether the Dependent Care FSA or the Dependent Care Tax Credit is better in your particular situation, consult with your tax advisor or contact the IRS.