



FLEXIBLE SPENDING ACCOUNT PLANS 2020

What is a Flexible Spending Account Plan?

A Flexible Spending Account (FSA) Plan allows you to use before-tax dollars to pay for some health care expenses that are not covered by a health care plan and/or dependent care expenses incurred so that you and your spouse (if married) can work. There are two FSA plans offered by McClatchy: the Health Care Reimbursement Plan (HCRP) and the Dependent Care Assistance Plan (DCAP). When you participate in the FSA(s), you contribute before-tax dollars from your paycheck into one or both of these plans each year. As you incur eligible expenses throughout the year, you submit claims to be reimbursed for these expenses with your tax-free dollars from the appropriate plan.

How do the FSA Plans work?

The annual amount you elect to contribute will be divided into equal amounts and deducted from your first two paychecks of each month on a before-tax basis for a total of 24 pay periods per year. As you incur and pay for eligible expenses, you submit claims for reimbursement with copies of your receipt(s) or Explanation(s) of Benefits to PayFlex, our FSA third-party administrator. PayFlex pays approved claims on a daily basis.

You can submit Dependent Care Assistance Plan (DCAP) claims incurred between Jan. 1 and Dec. 31 against your account balance for the Plan year. You will have until March 31 of the following year, to submit these DCAP claims to PayFlex for reimbursement.

You can submit Health Care Reimbursement Plan (HCRP) claims incurred between Jan. 1 and Dec 31 against your account balance for the Plan year. You will have until March 31 of the following year to submit these HCRP claims to PayFlex for reimbursement.

Please note, that in accordance with IRS regulations, money that is not claimed by the deadline will be forfeited.

How much should I contribute?

Before enrolling during the annual Open Enrollment period, you will need to estimate the eligible health care and/or dependent care expenses you and your eligible dependents expect to incur during the upcoming 12-month period for both DCAP and HCRP beginning Jan. 1. It is important to do this carefully because any amounts left in your account(s) after March 31 of the following year will be forfeited. Current federal tax laws prohibit refunds of leftover account balances to participants as well as the transfer of funds from one FSA plan to another. The tax laws also prohibit the transfer of funds from one plan year to another. **Remember, if you do not use the money in your FSA(s), you will lose it.**

When estimating expenses, remember that: 1) you can only be reimbursed for expenses defined as eligible by the IRS and the McClatchy plan; 2) services must be incurred during the period you are covered under the FSA(s); and 3) services must be incurred by either you or an eligible dependent. **Please refer to the FSA Eligible Expenses and Election Worksheet and the Health Care Reimbursement Plan Over-the-Counter Reimbursement Guide when estimating your contribution(s). Over-the-counter medicines will not be FSA-eligible without a doctor's prescription.**

You can contribute up to \$2,700 to the HCRP and \$5,000 to the DCAP based upon these guidelines: 1) your contributions cannot be greater than your income or your spouse's income; 2) if your spouse is disabled or a full-time student, he/she is assumed to earn \$250 per month for one eligible dependent, or \$500 per month for two or

(over)

more dependents; 3) if your spouse also participates in a Dependent Care Assistance Plan, your combined total deposits cannot exceed \$5,000; 4) if you and your spouse file separate income tax returns, your individual Dependent Care Assistance Plan is limited to \$2,500.

Can I change my election mid-year?

The amount you elect to contribute cannot be changed during the Plan Year except under very limited circumstances. Contribution changes based on a change in status event are allowed only if the election change is necessary and consistent with the change in status. For the Health Care Reimbursement Plan, the change must also result in a gain or loss of health care insurance coverage. For the Dependent Care Assistance Plan, the change must also affect your dependent care expenses. All changes must be sent to your local human resources department within 30 days of the event.

What is the PayFlex Card?

Plan participants will receive a MasterCard from PayFlex. This card is called the “PayFlex Card”. The card can be used to pay for eligible healthcare expenses such as medical plan co-pays or deductibles, prescription drugs, certain dental expenses and/or prescription eyeglasses. The “PayFlex Card” is a debit card that will allow health care plan participants to make payments directly from their FSA account without having to pay for the expense out-of-pocket at the time of service and then remit claims for reimbursement. Please keep all of your receipts as you may be requested by PayFlex to produce receipts for some debit card transactions.

How are claims substantiated?

Services must be incurred before claims may be submitted. Health care claims must include a statement from the provider or insurance company (an Explanation of Benefits is preferred) which provides: the name and address of the provider; the name of the individual receiving treatment; dates of service; the participant’s financial responsibility after payment by the insurance company; and a description of the service. Dependent care claims must include: the caregiver’s name, signature, address and tax identification number; the dependent care expenses to be reimbursed; and the names and ages of the dependents for which care was provided.

Who is a dependent?

For the Dependent Care Assistance Plan, eligible dependents are: 1) children younger than age 13 that live at the same residence as the taxpayer for more than half the year; 2) a spouse if incapable of self-care; and/or 3) relatives or members of your household who live in your home, receive over half of their support from you, are incapable of self-care and do not have an annual income in excess of \$3,200. Eligible dependents under the Health Care Reimbursement Plan are: 1) a spouse who is treated as such for tax purposes; 2) relative or members of your household whom you claim as a dependent for tax purposes; and/or 3) any child for whom you are required to provide health care benefits under a qualified medical child support order. **If you are unsure of custodial or dependent status, or if you plan to claim dependent care expenses other than child- or after-school care expenses, contact human resources to discuss eligibility.**

McClatchy’s FSA Third-Party Administrator

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The administration of the plan and the payment of all benefits are governed by the official plan document. The official plan document will govern in case of any omission or conflict between this document and the official plan text.