This section of your benefits handbook outlines the major provisions of Deseret Mutual’s Flexible Spending program as of January 1, 2016. This document also serves as your *Summary Plan Description*, or SPD.

**KEY POINTS OF THE PLAN**

- An average family could potentially save hundreds of dollars on taxes annually by using a Flexible Spending Account (FSA) to pay for eligible healthcare and dependent-care expenses.
- Eligible expenses include medical and dental copayments, hearing aids, and eyeglasses.
- Calculate your FSA withholding carefully and conservatively because you lose money not used in the plan year.

**WHAT IS FLEXIBLE SPENDING?**

Flexible Spending is a provision of the Internal Revenue Code that allows participants the opportunity to pay for certain benefits—such as healthcare and dependent care—using tax-free money.

The IRS regulates the Flexible Spending program, but Deseret Mutual administers it.
How it works

- Estimate your eligible out-of-pocket healthcare and dependent-care expenses for the coming year—copayments, prescriptions, etc.
- During open enrollment, choose how much money you will withhold from your paycheck each pay period. Annually, you can withhold up to $2,550 for healthcare expenses and up to $5,000 for dependent-care expenses in two separate accounts.
- Flexible Spending money is taken from your paycheck and placed into your account(s) before taxes are withheld.
- When you have eligible expenses, submit your claims and receive reimbursement for those expenses using money from your FSA.
- You can include expenses incurred from January 1 of the coming year through March 15 of the following year.

How it saves you money

- The average family of four in the United States can expect to pay close to $2,820 a year in out-of-pocket medical expenses such as doctor visits, prescription copayments, dental work, new glasses, or an unexpected hospital stay.
- If $2,550 of that $2,820 goes into an FSA, the family can save more than $600 in taxes (for a 25% tax bracket).
- Here’s an example*:

<table>
<thead>
<tr>
<th>OUT-OF-POCKET EXPENSES</th>
<th>ANNUAL EXAMPLE</th>
<th>TAXES SAVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHYSICIAN</td>
<td>$485</td>
<td>$121.25</td>
</tr>
<tr>
<td>INPATIENT HOSPITAL</td>
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<tr>
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</tr>
<tr>
<td>TOTAL</td>
<td>$2,550</td>
<td>$637.50</td>
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* The amount you save in taxes will vary depending on the amount you set aside, your annual earnings, whether 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 about how participation will affect your tax savings and Social Security benefit.

ELIGIBLE EXPENSES

Medical and dental expenses

Generally, services or items the Internal Revenue Service (IRS) allows as itemized medical/dental deductions are eligible for reimbursement from Flexible Spending.

Examples of eligible services include:

- Coinsurance, copayments, and deductibles for medical/dental coverage
- Dental expenses that exceed the annual maximum benefit
- Hearing services, including hearing aids and implants
- Medical/dental expenses that exceed the maximum allowable limits
- Medical expenses for custodial care
- Prescription drugs
- Over-the-counter medications filled by the pharmacy with a prescription from a physician
- Vision services, including prescription glasses, contact lenses, contact lens supplies, and corrective surgery

Examples of excluded services include:

- Cosmetic dentistry such as teeth whitening
- Cosmetic procedures such as liposuction or a “tummy tuck”
- Doulas (birthing coaches)
- Exercise equipment and health club memberships
- Fitness/exercise classes and programs
- Foods and drugs associated with weight loss programs
- Food and meals—even special foods prescribed by a physician (unless charges are reimbursed from the patient’s medical plan)
- Health club dues or gym memberships
• Lodging and meals
• Mattresses and pillows
• Naturopathic, holistic, and alternative treatments when performed or provided by a non-licensed individual
• Nutritionists (unless services are reimbursed from the patient's medical plan)
• Over-the-counter medications without a prescription from your physician
• Personal computers, tablets, MP3 players, smartphones, and related devices—including related software and applications
• Personal trainers
• Prescription drugs for cosmetic purposes
• Shoes (unless covered by the patient’s medical plan)
• Smoking cessation programs (unless covered by the patient's medical plan)
• Spas or resorts
• Televisions and related devices
• Transportation/trips (long-distance/over 100 miles) (unless covered by the patient's medical plan)
• Vacuum cleaners
• Vitamins, dietary, nutritional and herbal supplements (unless products are reimbursed under the patient's medical plan)
• Weight-loss programs (unless covered by the patient's medical plan)
• Whirlpools and exercise pools

All plan exclusions are in addition to other items and/or services excluded by federal law, including but not limited to, cosmetic surgery and non-prescription sunglasses. Deseret Mutual will not make any exceptions to this policy on exclusions.

Please be aware, according to the U.S. Food and Drug Administration and IRS regulations, medications and drugs imported by or for individual consumers from other countries, such as Canada, violate the Federal Food, Drug, and Cosmetic Act and thus federal law. If a medication or drug is obtained in violation of federal law, you cannot be reimbursed from your FSA.

**DEPENDENT-CARE EXPENSES**

To qualify for this account, both you and your spouse must be gainfully employed (unless you are a single parent). If your spouse is a full-time student, looking for work, or disabled, you may also qualify.

The dependent-care (day-care) account covers expenses if you claim the person being cared for as a dependent on your income tax return and the person is either:

- Younger than 13.
- Physically or mentally incapable of self-care and regularly spends at least eight hours a day in your household. (Regularly doesn't mean daily, but frequently, on a regular basis.)

Persons providing the dependent care cannot be:

- Claimed as a dependent on your income tax return
- Claimed as a dependent on your spouse's income tax return
- Your child or stepchild younger than 19
- Your spouse

Examples of excluded services include baby-sitting services, unless such services allow both you and your spouse to be gainfully employed, if you are married.

**ACCESSING YOUR FSA MONEY**

**The Benny Card**

When you enroll in Flexible Spending, you can choose whether to use a prepaid benefits card known as a Benny Card so you have fast and convenient access to the money you’ve set aside in your medical/dental account. Using your Benny Card will also help you keep cash in your wallet.

Here’s how it works:

- You use your Benny Card like a credit card.
- It contains the value of your annual FSA
election for medical and dental expenses. (You cannot use it for day-care expenses.) Simply present your Benny Card at participating locations wherever MasterCard is accepted—the pharmacy, doctor’s office, or most other locations where you’re incurring eligible Flexible Spending expenses.

- The amount is automatically deducted from your account. Be sure to run your Benny Card as a “credit” transaction rather than a “debit” transaction.
- When you use your Benny Card, you won’t have to complete any claim forms or wait to be reimbursed.
- To get up-to-date information about your FSA, go to www.MyBenny.com. This tool can help you manage your account. If you’re a first-time user, you’ll need to register. Then click on View All Activity in the left-hand column. You can check your current account balance, view all transactions and details, as well as see if a claim needs additional information for substantiation. (See Verifying Eligible Expenses, which follows.)
- If you decline the Benny Card, your next opportunity to sign up for one will be during the next open enrollment period.

Verifying eligible expenses

- When you use your Benny Card, you should always save all your receipts so you can verify, or “substantiate,” your eligible expenses. You may be asked to submit your receipts to verify eligible expenses.
- Your receipt must show the patient’s name, the provider or merchant name, the service received or item purchased, and the date and amount of the expense.
- If you plan on using your Benny Card to pay your coinsurance, it’s very important that you wait for Deseret Mutual to process the claim first and then pay the balance to your healthcare provider. That way, our discounts can be calculated and applied before you take responsibility for a portion of the expense.
- Normally, you don’t need to document routine expenses such as your office visit copayments or prescription medications because they’ll automatically substantiate—the amount should perfectly match the date of service, itemized bill, and your Explanation of Benefits (EOB).
- Sometimes we need more information to help us match services to card swipes. For example, when you purchase an eligible service or item your medical or dental plan doesn’t cover—such as glasses or contact lenses—we need an itemized receipt because the amount won’t match our system. Or if your payment includes a balance forward or finance charge, we’ll need more detail. Keep in mind, you can’t be reimbursed for finance charges.
- Verifying expenses isn’t new—the timing has simply changed. Before the Benny Card, you had to submit your receipts before you could be reimbursed for eligible expenses. Now we simply ask you to verify certain eligible expenses after the fact—again, based on IRS regulations.

Online claims

In the absence of a Benny Card, you can conveniently and easily submit all copayments, deductibles, and coinsurance balances from Deseret Mutual’s medical/dental plans—as well as all VRx pharmacy claims—on our website. Claim information from these sources is on record with Deseret Mutual.

To submit claims online choose the Flex Spending tab at the top of the page on www.dmba.com. Then on the left-hand side of the page under Flex Spending Options, choose FSA Account and then Submit FSA Claims.

Be aware that claim expenses ineligible for coverage from Deseret Mutual, such as eyewear, do not appear here. Also, information from plans other than Deseret Premier, Deseret Select, Deseret Value, Deseret Protect, Deseret Choice Hawaii, Altius, or MetLife is not submitted to Deseret Mutual and, therefore, does not appear here.
Paper claims

Complete and sign a Flexible Spending Account Claim Form, available in the Forms Library on www.dmba.com. Submit it to Deseret Mutual for all other expenses, including medical expenses processed by HMOs (where your claim payments are made by someone other than Deseret Mutual), dependent or day-care expenses, and other eligible expenses not covered by your health plan.

Also, you must submit a paper claim for all charges that exceed the annual maximum benefit and for expenses not eligible for coverage from Deseret Mutual.

In addition to the signed claim form, include your EOB and other appropriate documentation, such as itemized bills. (See Medical/Dental Claims Documentation, which follows.)

Do not submit a cancelled check, a bank statement, or a credit card statement as proof of payment.

Medical/dental claims documentation

According to IRS rules, you must properly document your medical/dental expenses to receive reimbursement. Provide a completed Flexible Spending Account Medical/Dental Claim Form available in the Forms Library on www.dmba.com with support documentation as described below.

The required documents include:

- The EOB provided to you from Deseret Mutual, or another health plan, showing expenses for which you are responsible. EOBS show your medical/dental coverage has considered the expense and it tells what part of the bill is your responsibility. It also provides the patient’s name, service date, and charges. You can also print this information from your account on our website at www.dmba.com.
- An itemized bill (including name, service date, procedure, etc.) from a medical/dental provider, for expenses not covered by your medical or dental plan.
- Dated, detailed receipts including the name of the item(s), such as contact lens supplies and over-the-counter medications (as long as you have a current prescription).
- Payment receipts for orthodontic services.

Because orthodontic treatment is ongoing and can take longer than a calendar year, orthodontia documentation is different from other medical/dental documentation. You must provide actual payment dates as shown on receipts or cancelled checks.

For prescription drug claims, you may submit a dated, detailed receipt from your pharmacy. Do not submit bank or credit card statements or cash register receipts; we cannot accept them.

Dependent care claims documentation

According to IRS rules, you must properly document your day-care expenses to receive reimbursement. Documents include itemized bills, receipts, or contracts. Provide a completed Flexible Spending Account Dependent Care Claim Form available in the Forms Library on www.dmba.com with support documentation as described below.

This documentation must be on an invoice or receipt from your provider and must include the following information:

- Dependent’s name.
- Service date.
- Name, address, and tax identification number (or Social Security number) of the organization or individual providing services. If a provider will not give you the Social Security number (either because of privacy concerns or because they don’t have one), you must state this on your claim form and also on IRS Form 2441 when you file your personal taxes.
- Description of the services provided.

Availability of Funds

For medical/dental expenses, you can be reimbursed as soon as you have incurred the expenses, regardless of how much money is in your account. For example, if your annual FSA withholding is $1,200, and if in January you have
$600 in dental expenses, you can be reimbursed $600 once you submit your claim, even though you haven’t deposited $600 in your account yet. (Medical/dental expenses must be incurred before you can be reimbursed.)

In contrast, you can only be reimbursed from existing money in your account for day-care expenses. If your claim exceeds the existing funds in your account, you cannot be reimbursed for the claim until more funds are withheld from your paycheck and deposited into your dependent-care account.

You can also choose to have your Flexible Spending reimbursement checks deposited directly into your financial institution. Go to www.dmba.com and choose the Flex Spending tab at the top of the page. Then under FSA Account Details, you’ll see a link to sign up for direct deposit.

Please note, all expenses are subject to review by Deseret Mutual. As the plan administrator, Deseret Mutual must take reasonable measures to ensure Flexible Spending claims meet IRS guidelines.

PLANNING YOUR ELECTION

Calculate your total annual withholding carefully and conservatively because you forfeit (lose) all money in your Flexible Spending Account not used for services received within the plan year. Any unspent money returns to your employer.

If you’ve enrolled in Deseret Mutual’s Flexible Spending program in the past, use the information on our website as a resource for your personal FSA history and activity to plan your election. To access your personal information, you need your Deseret Mutual identification number.

- To see a summary of your year-to-date approved expenses, select the Flex Spending tab on the top of the page and then use Select Plan Year & Type. You can also review your Deseret Mutual copayments, coinsurance, and deductibles that could have been reimbursed.
- Next, under Resources, you can choose a Contribution Worksheet either for medical/dental expenses or for dependent-care expenses.

HOW TO PARTICIPATE

You’re eligible to enroll in Flexible Spending if you’re a full-time employee and you meet the eligibility requirements of your employer.

Step 1: Enroll

Eligible employees can enroll in Flexible Spending during open enrollment for the following year. If you’re a newly hired employee, you can enroll within 30 days of your eligibility date.

During open enrollment, visit our website and enroll online. Use the individual Flexible Spending Worksheet to carefully and conservatively estimate these amounts, especially for your first year of participation.

After you enroll and the plan year begins, you cannot stop or change the amount you elected for that year, unless you have a qualified change in family status. (See Making Midyear Changes.)

Step 2: Manage your account(s)

At the beginning of the plan year, the tax-free money begins to accrue in your FSA. By the end of the calendar year, your total election has been withheld from your paychecks and deposited into your account.

It is your responsibility to make sure your election is being withheld from your paycheck. If you notice that money is not being withheld for Flexible Spending, contact your human resources department or your payroll office immediately.

You can get up-to-date information about your Flexible Spending account at any time at www.dmba.com under the Flexible Spending tab.
Step 3: File claims

When you have eligible medical/dental expenses, not reimbursed with your Benny Card, and/or day-care expenses, you can be reimbursed by submitting a completed Flexible Spending Account Claim Form along with proper supporting documentation to Deseret Mutual.

Deseret Mutual processes your claim and sends you a check with an explanation of what has been reimbursed. The check represents a withdrawal from your FSA. If your claim is denied, we send you a written explanation of the denial.

Submit all claims to Deseret Mutual no later than April 30 of the following year for services received the previous plan year. Claims received after April 30 are not eligible.

Enrollment doesn’t carry over from year to year. If you want to participate, you must re-enroll every year.

Please note, because you are paying for eligible expenses with tax-free money, do not claim expenses as itemized deductions on your individual tax return that are reimbursed through your FSA.

PLAN YEAR & LEFTOVER FUNDS

The Flexible Spending plan year runs from January 1 (or your hire date) to December 31 each year, plus a two-and-a-half month “grace period” that follows each plan year. That means you have until March 15 of the following year to receive services and spend your FSA money. You then have until April 30 to submit all claims for the previous plan year.

Based on federal regulations, you forfeit all money you deposited into your FSA but did not use for services provided within the plan year or during the grace period. Any unused money is returned to your employer to cover their risk and administrative expenses.

MAKING MIDYEAR CHANGES

You may stop participating or change elections after the plan year begins only if you have a qualified change in family status and you notify Deseret Mutual within 60 days of the change. The Flexible Spending Account Enrollment Form is available in the Forms Library on our website. Changes that may qualify include:

- Marriage, divorce, or legal separation
- Birth or adoption of a dependent
- Death of a dependent
- Your spouse beginning or ending employment
- You or your spouse going from full-time to part-time work, or vice versa
- Beginning or ending an unpaid leave of absence
- Beginning or ending disability benefits

The change in your annual election must be consistent with the change in your family status. For example, the birth of a child is consistent with increasing your annual medical/dental account election, not decreasing it.

The newly elected funds will only be available for reimbursing expenses incurred after the date of the qualifying event.

ENDING EMPLOYMENT MIDYEAR

If you end employment during the plan year for any reason, your Flexible Spending contributions stop. But you can submit claims for services received on or before the end of your last month of employment.

A second option if you end employment is to continue participating in Flexible Spending through the end of the year by enrolling in COBRA Flexible Spending continuation coverage. With a COBRA plan, your Flexible Spending contributions are made with after-tax money.

If you transfer employment to another Deseret Mutual participating employer, your FSA funds transfer with you. Generally, you continue participating with your new employer until the
end of the plan year. If you become disabled or go on an unpaid leave of absence, please call Deseret Mutual.

If you are no longer employed with a participating employer and you do not wish to continue participating, you forfeit all your FSA money not spent by the end of your last month of employment.

Please note, claims for services you receive after the end of the month your employment ends are not eligible for reimbursement, even if you are re-employed by the same employer or another participating employer before the end of the plan year.

CLAIMS REVIEW AND APPEALS PROCEDURES
If your claim is denied and you feel that your claim was denied in error, you have the right to file an appeal by writing a letter with any supporting documentation that explains why you believe the claim should be approved. You must submit your appeals within 180 days from the date we send your benefit decision notification and for appeals related to Dependent Care Expenses, within 60 days after notice of denial has been received. For more information about how to appeal a claim, please refer to the General Information section of your benefits handbook.

HOW FLEXIBLE SPENDING AFFECTS OTHER BENEFITS
Workers’ compensation benefits are based on your taxable income. The amount you contribute to Flexible Spending is not included in this calculation.

But other employee benefits—any benefits based on your income—are calculated on your gross income. So Flexible Spending amounts are included in these calculations:
  - Disability Plan benefits
  - Income increases
  - Life insurance benefits
  - Master Retirement Plan benefits
  - Retirement PLUS Plan benefits
  - Deseret 401(k) Plan contributions

HOW FLEXIBLE SPENDING AFFECTS SOCIAL SECURITY
Because you do not pay taxes on the money that goes into an FSA, a lower salary is reported and both you and your employer contribute less in FICA taxes toward your retirement benefits. This may slightly reduce your Social Security benefits after you retire. But most experts agree the tax savings more than offset a minor reduction in future Social Security benefits.

NOTIFICATION OF DISCRETIONARY AUTHORITY
Deseret Mutual has full discretionary authority and the sole right to interpret the plan and to determine eligibility. All Deseret Mutual decisions relating to plan terms or eligibility are binding and conclusive.

NOTIFICATION OF BENEFIT CHANGES
Deseret Mutual reserves the right to amend or terminate the plan at any time. If benefits change, we will notify you at least 30 days before the effective date of change.

Legal Notice
We have made every effort to accurately describe the benefits and ensure that information given to you is consistent with other benefit-related communications. However, if there is any discrepancy or conflict between information in this document and other plan materials, the terms outlined in the Legal Plan Document will govern.