

# Flexible Spending Accounts

## Overview

A Flexible Spending Account is a great addition to your group benefits plan. It gives you choice and flexibility in a benefits package that is customizable to meet your person health and wellness needs.

Your employer establishes a set credit amount. You then make a choice every year as to where you would like to allocate your credits between two accounts: a Health Spending Account and/or a Personal Spending Account. You choose one or the other, or split their credits between the two accounts in denominations of \$25. If no allocation is made, all your credits will default to the Health Spending Account. Once the benefit year starts, you will be able to see your spending account details, credit amounts, and submit claims through the Sun Life website.

### Health Spending Account (HSA) *Non-Taxable*

An HSA is a natural extension of the health and disability solutions you are already offering employees through the core benefits plan.

Employees can use allocated credits to pay for a wide variety of health and dental expenses. Expenses are deemed eligible in accordance with the Canada Revenue Agency and federal Income Tax Act guidelines. This means that no income tax is deducted from employees' credits before they are deposited into the account.

### Personal Spending Account (PSA) *Taxable*

A PSA offers more opportunities for health and wellness outside of the regular benefits plan.

It covers a wide range of eligible expenses supporting the mental, physical, and financial well-being of employees and their families. Items offered in a PSA are generally considered a taxable benefit to employees. Reports are provided at year end to use for payroll-related taxes and deductions, as well as related tax reporting to employees.

## Account Details

**Benefit year:** January 1 to December 31

**Carry Forward:** Credits carry forward for one year

**Proof of Claim Period:** Employees have 180 days from the end of the benefit year to submit expenses that were incurred during that year.

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## FAQ

### **Who is covered?**

Coverage is available to employees and their eligible dependents for both HSA and PSA. However, HSA credits can be used for any dependent if they qualify as a dependent under the Federal Income Tax Act.

### **What is an eligible expense?**

Spending account claims must be incurred during the benefit year (Jan1-Dec 31) and submitted to Sun Life within 180 days of the end of the benefit year in which it is incurred. Please see the attached listings of eligible expenses for more details on which items and services are eligible.

### **What is a Proof of Claim Period?**

The plan allows for claims to be submitted up to 180 days after the benefit year has ended if those claims were incurred during the benefit year. After this time, claims from the previous year will no longer be eligible. Any credits remaining in an employee's account at the end of a benefit year will carry forward into the next benefit year. At the end of that benefit year, credits carried over from the previous benefit year will be terminated.

## Making a claim

Flexible spending account claims can be submitted online through the Sun Life Plan Member Services website and app, or through the mail by completing a paper claim form. Not all claims can be completed online, even though they may be an eligible HSA expense. When online, employees will be asked to select the type of expense from a drop-down list. If the type of expense is not on the list, then employees will have to submit a paper claim. Flexible spending account claims over \$1,000 cannot be sent over the Internet. If employees submit claims online, they must keep their original receipts for twelve months as Sun Life may request an audit of their claims.

### **What about direct billed claims?**

If there is a balance remaining on a direct billed expense, it is not automatically processed through an employees' spending account. Employees will have to submit a separate claim for the unpaid portion of the claim.

### **Spending account coverage under multiple plans?**

If employees are covered under more than one plan, such as a spouse's plan, it is to the employee's advantage to send the balance of their claim to the other plan before claiming any amount to the spending account.

## Questions?

If you have any questions about your spending accounts, please call Sun Life toll-free at 1.800.361.6212.

