



SECTION 125 – Important Memorandum
For plan years that may begin 9/1/2010, 10/1/201, or 1/1/2011

Healthcare Reform and Flexible Spending Accounts (FSA)

When the Patient Protection and Affordable Care Act was signed into law on March 23, 2010; a few of the changes will affect Flexible Spending Accounts:

1. Starting with your new plan year (OTC) medicines not prescribed by a medical provider will be excluded from being reimbursed through a health FSA. Items such as pain relievers, cough medicines and antacids will no longer be reimbursed unless there is a doctor's prescription submitted along with EACH reimbursement request. (Please see the new "List of Covered Expenses" dated July 2010).
2. Health coverage provided for an employee's children now extends to age 26. This means the out-of-pocket expenses you pay for your children are now covered under your FSA plan up to age 26.

Some Important facts to consider:

1. You "use it" or "lose it". All funds deducted from your paycheck for this plan year must be used during this plan year or the funds are forfeited.
2. Keep copies of all receipts and claims.
3. Dependent care must be provided by someone who is reporting his or her income. Payment to an individual who may be claimed by the employee as an exemption for federal tax purposes is not an eligible expense.
4. You must re-enroll each year to participate.

Please feel free to contact us with any questions or concerns you may have. We will continue to keep you up to date as we learn more. Please see the attached updated "List of Covered Expenses" sheet for more information.

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Important note: Neither your employer nor OEA Choice Trust can give you specific tax planning advice.