California Times

2025

FLEXIBLE SPENDING ACCOUNTS
&
HEALTH SAVINGS ACCOUNTS

GUIDE

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Disclaimer

This guide highlights the key features of our benefit plans. It is intended to be only a summary of the benefits available to you and does not include all plan rules and details; this is not to be considered a certificate of coverage. Please refer to your plan documents for complete information and more detailed explanations as to coverage, limitations and exclusions. Take time to review all documents and related materials, as it is extremely important you know and understand your benefit options. If there is any discrepancy between the official plan documents and this benefits guide, the plan document will always govern.

Flexible Spending Accounts (FSAs)

Flexible Spending Accounts (FSAs) allow you to have pre-tax money deducted from your paycheck to pay for certain expenses. Since contributions are made through payroll deductions with pre-tax dollars, you decrease your taxable income and thereby increase your take-home pay.

California Times offers three types of FSA plans:

- Healthcare (HCFSA)
- Limited Purpose (LPFSA)
- Dependent Care (DCFSA)

WEX Customer Support

(866) 451-3399

Monday-Friday, 6am-9pm CST

Website: **benefitslogin.wexhealth.com**

Email: **customerservice@wexhealth.com**

How does an FSA Work?

- You will need to choose how much you want to contribute to your FSA plan(s) each year. The amount you elect will be for the entire plan year (1/1 – 12/31), and your employer will then deduct the corresponding amount from your paycheck with each pay cycle.
- You can then use your tax-free FSA dollars to pay for eligible out-of-pocket health care and dependent care expenses.
- An FSA election change can occur at open enrollment each year or when a qualifying event has occurred. The IRS specifies that election changes during the plan year must be consistent with the eligible change in status.
- Your participation will not automatically carry over from year to year. You must choose to enroll each year.

Healthcare Flexible Spending Account (HCFSA)

Using pre-tax payroll contributions, you can receive reimbursement from your HCFSA for eligible medical, dental and vision expenses incurred by you or an eligible dependent, as long as the expenses are not covered or reimbursed by other plans.

- You can elect to contribute between $100 and $3,200 per year.
- Some eligible expenses include:
    - medical, dental, and vision care expenses such as copays, coinsurance, deductibles, medical supplies and equipment, mental health and substance abuse treatment, orthodontia, eyeglasses and contact lenses for yourself and your eligible dependents.
- You don't need to be enrolled in California Times' medical insurance in order to participate.
- You cannot use FSA funds to pay for cosmetic services.
- Pay for expenses with an easy-to-use WEX Debit Card.
- All funds elected during open enrollment are available to you on day one of the plan year, you do not need to wait to accrue the funds.
- If you are enrolled in the HSA, you're not eligible for the HCFSA, but you may elect a Limited Purpose FSA, see below.

Healthcare Tax Deduction

A healthcare tax deduction is available on your federal income tax return if you have expenses that are more than 7.5% of your and your spouse's taxable pay. However, most people do not have medical expenses of more than 7.5% of income. If you think your expenses will be more than 7.5% in the coming year, you should consult your tax advisor before using this account as you may not use the HCFSA and the tax deduction for the same expenses.

Flexible Spending Accounts (FSAs)

Limited Purpose Flexible Spending Account (LPFSA)

You may participate in the LPFSA if you are enrolled in the HSA. LPFSA provides a tax-free way to save and pay for dental and vision expenses not covered by your health plan for you and your dependents.

All other HCFSA rules and features apply to the LPFSA — same maximum, same use-it- or-lose-it rule, same claim-filing deadline, and if you enroll, you will receive a debit card to pay for eligible dental and vision expenses. All funds elected during open enrollment are available to you on day one of the plan year, you do not need to wait to accrue the funds.

Dependent Care Flexible Spending Account (DCFSA)

A dependent care FSA offers an opportunity for you to save money on day care for eligible dependents.

- Can elect to contribute up to $5,000 per year per household
- Expenses must be for a qualified child care provider (someone who is claiming this income on their tax return).
- Some dependent criteria:
    - Dependent children through the age of 13.
    - Both spouses must be working.
- You may only use funds as they are deducted from your paycheck and deposited into your account.
- You can the WEX Debit Card (where accepted).

Child Care Tax Credit

A child care tax credit is available on your federal income tax return. The amount you contribute to the Flex- Care Spending Account reduces the tax credit you may claim. Depending on your household combined income, you may benefit more by using the federal tax credit. Ask your tax advisor which is better for you.

Debit Card

The WEX Debit Card allows you to pay for your eligible Health and Dependent Care expenses directly at the point of service. This allows you to avoid the traditional problems of a Flexible Spending Account, such as paying cash for services (in addition to your payroll deduction) and waiting for a reimbursement check or direct deposit. When paying for an FSA eligible expense, such as an office copay, simply provide your debit card for payment instead of cash/credit/check. There is no need to complete a claim form. Simply keep a copy of your receipt in case it is needed for verification.

How the Accounts Work

Managing an FSA is simple. Each year you estimate your annual heath care and/or dependent daycare expenses and contribute this sum on a pre-tax basis into the appropriate FSA. Deductions are taken from your bi-weekly paycheck.

Paying for services

You will receive an FSA debit card from WEX when you first enroll, allowing for easy and convenient payment at participating providers or merchants. Although you do not need to file for reimbursement when using your debit card, you may be required to submit documentation, so be sure to save your receipts. Use your debit card to pay the provider directly. If the provider does not accept a debit card, pay for expenses out of pocket, and submit a claim form and receipts for reimbursement to WEX.

Flexible Spending Accounts (FSAs)

Important differences to remember

You can file claims for amounts totaling up to your entire annual health care contribution from your Health Care and Limited Purpose FSA at any time during the year.

To receive a reimbursement from your Dependent Care FSA, you must have accumulated sufficient contributions to cover your claim at the time your request is made.

The qualified expenses that can be reimbursed by an FSA on a tax-free basis are limited to expenses for health care as defined under the Section 213(d) of the Internal Revenue Code, go to irs.gov/Pub502 for the latest information relating to publication 502. The federal tax code defines healthcare expenses as amounts paid for the diagnosis, cure, mitigation or treatment of a disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate a physical or mental defect or illness.

Use It or Lose It Rule - Estimate carefully with an FSA

Per IRS regulations, FSAs are use-it-or-lose-it accounts, which means you will forfeit any amount less left in the account at the end of the run-out period. You have until December 31, 2024 to incur eligible expenses and until March 31, 2025 to submit requests for reimbursement for all three FSAs. You may carryover funds between $100 - $640 from the 2024 plan year to the 2025 plan year, amounts below $100 or over $640 will be forfeited. This carryover only applies to the Medical and Limited FSA plans, it does not apply to the Dependent Care FSA. The amount you carry over from 2024 will not reduce your maximum contribution allowed for 2025.

Advantages of FSAs

You lower your taxable income. Your FSA contributions are deducted from your paycheck on a pre-tax (tax-free) basis—before federal, state, and Social Security (FICA) taxes are taken out. For example, if you earn $3,000 a month and contribute $200 to your Health Care FSA, you pay taxes on $2,000 a month. The tax savings are reflected in your paycheck each month, all year.

What happens to my FSA if I leave employment?

As FSAs are use-it-or-lose-it accounts, if you leave your job before you've used the FSA funds, your account will terminate on the last da of your employment. You will have 90 days to submit eligible claims for expenses incurred prior to your last day.

2024/2025 Plan Reminders

- For the Healthcare and Limited FSA plans, you can carry over funds from the 2024 plan year between $100 to $640. Any balances below $100 or over $640 as of 12/31/2024 will be forfeited.
- Funds will rollover by mid-April 2025.
- Final Service Date for Medical, Limited, and Dependent Care FSA is 12/31/2024.
- Final day to submit reimbursement for Medical, Limited, and Dependent Care FSA is 3/31/2025.

Health Savings Account (HSA)

If you enroll in the High Deductible Health Plan (HDHP), you can also open an HSA to help pay for current and future eligible health care expenses. An HSA is similar to an FSA but with some important differences.

A Health Savings Account (HSA) is a tax-exempt savings vehicle used to accumulate money for eligible health care expenses. Your HSA may be used to pay for health care expenses as they occur, or the funds may remain in your account until you need them later in life. This plan is managed through Heathy Equity.

Health Equity

(866) 735-8195

Website: www.healthequity.com

Email: memberservices@healthequity.com

Contribution Limits

- Single coverage**:** **$4,300;**
- Family coverage: **$8,550;**
- Individuals ages 55 and older can put an extra $1,000 in "catch-up" contributions annually.

HSA Key Features

- The money you contribute may be used to pay for qualified medical, dental, and vision expenses.
- A list of these expenses is available on the IRS website. www.irs.gov in IRS Publication 502. "Medical and Dental Expenses" Any funds you withdraw from non-qualified medical expenses will be taxed at your income tax rate plus 20% tax penalty.
- An HSA is more flexible than FSAs, unlike an FSA, you own your HSA. This means that your entire balance rolls over every year-even if you change health plans, retire, or leave your employer.
- You cannot be covered under a non-HDHP plan (such as a spouse's HMO or POS plan).
- You cannot be enrolled in Medicare.
- Neither you nor your spouse, if you are married, can be enrolled in a Health FSA, but enrollment in a Limited Purpose FSA is permitted.
- You cannot be claimed as a dependent on someone else's tax return.
- HSA contributions must be in your account before you can use them to pay for eligible medical expenses or receive reimbursement.
- If you are enrolled in the Health FSA for the 2023 plan year, you must spend every penny of your Health FSA funds by 12/31/2023 to be eligible to participate in the HSA for the 2024 plan year. Please note that you aren't allowed to roll your Health FSA funds into an HSA.

It is the individual's responsibility to monitor their contribution levels from year to year to ensure that the IRS maximum is not exceeded. HSA Contribution amount can be changed at any time during the year.

Health Savings Account (HSA)

Savings
You can save the money in your HSA for future medical expenses, all while your account grows through tax-deferred investment earnings.

Control
You make the decisions regarding:
- How much money you will put in the account;
- When to make contributions to the account;
- Whether to save the account for future expenses or pay current medical expenses;
- Which expenses to pay for from the account;
- How to invest the money in the account.

Portability
Accounts are completely portable, meaning you can keep your HSA even if you:
- Change jobs;
- Change your medical coverage;
- Become unemployed;
- Move to another state.

Ownership
Funds remain in the account from year to year, just like an IRA. There are no "use it or lose it" rules for HSAs, making it a great way to save money for future medical expenses.

Tax Savings
An HSA provides you with triple tax savings:
- Tax deductions when you contribute to your account;
- Tax-free earnings through investment;
- Tax-free withdrawals for qualified medical expenses.

What happens to my HSA when I die?
- If you are married, your spouse becomes the owner of the account and can use it as if it were his or her own HSA.
- If you are not married, the account will no longer be treated as an HSA upon your death. The account will pass to your beneficiary or become part of your estate (and be subject to any applicable taxes).

How to open an HSA Account with Health Equity?

Steps on how to Open an HSA

If you would like to open an HSA with Health Equity, please visit:
https://easyhsa.healthequity.com/Signup/Member#/welcome

The enrollment process will take approximately 10 minutes to complete. During your enrollment, you will be asked to provide personal information. Health Equity is required by the USA Patriot Act to verify your identity, using the following information, before opening a Health Savings Account (HSA):

- Name;
- Address;
- Valid email address;
- Social Security Number (SSN);
- Insurance information, including insurance company, deductible, and coverage tier.

Questions? Call Health Equity at **(866) 346-5800**. Health Equity Member Services team is available every hour of every day.

California Times offers an HSA account through Health Equity. The HSA account sponsored by California Times and through Health Equity will integrate with Collective Health making it much easier to administer your account alongside your medical High Deductible Health Plan.

Collective Health and Health Equity

Collective Health and Health Equity have an **integration to help provide member's a seamless experience** when interacting with their Health Funds accounts. This includes features such as:

- Single sign on from the Collective Health portal;
- Account balances displayed in the Collective Health portal and mobile app;
- Medical and pharmacy claims sent daily to Health Equity for member's substantiation and claims submission;
- Member Advocate support providing account balances and election information.

Additional resources from Health Equity

- A listing of Health Equity Eligible Expenses can be accessed through https://healthequity.com/qme
- Health Equity HSA Member Guide: https://healthequity.com/learn/hsa/member-guide/getting-started
- More information: https://healthequity.com/doclib/hsa/hsa-winning.pdf

How to transfer an HSA Account with Health Equity?

Health Savings Account Transfer

HealthEquity makes it easy for you to manage your Health Savings Account (HSA) by providing convenient access online and through their mobile app.

Moving your HSA is simple:

1. Download the HealthEquity transfer form at: **HealthEquity.com/form**

2. Complete the form entirely. Since HSAs are individually held accounts, only you (the account owner) can request your account be closed and the balance be transferred.

3. Send the completed form to HealthEquity via mail, email or fax.

    Address:
    HealthEquity
    Attn: Operations
    15 W Scenic Pointe Drive, Ste 100
    Draper, UT 84020

    Email: **transfer@healthequity.com**
    Fax: **(801) 846-2929**

HealthEquity will submit the form to your prior administrator to initiate the transfer of your balance to your HealthEquity HSA (less any applicable closing fees assessed by your prior custodian).

The transferred amount will appear in your HealthEquity account within four to six weeks (processing timeframes and blackout periods vary by custodian).

HealthEquity is available to help you with your transfer every hour of every day at their toll-free number: **(866) 346-5800.**

Comparison of HSAs and Healthcare FSAs

	Health Savings Account (HSA)	Health Care & Limited Purpose Flexible Spending Accounts (FSA)
Who administers account?	Health Equity	WEX
Who owns the account?	Employee	CA Times
Eligible individual	Individuals and families covered by a qualified high deductible health plan (HDHP) and no other health plan that covers the same benefits. Individuals are not eligible if they can be claimed as a dependent on another person's tax return.	Health Care: All eligible employees that are **not** enrolled in the HSA for 2025. Limited Purpose: All eligible employees that **are** enrolled in the HSA for 2025.
Maximum annual contribution limit	➢ Single coverage: **$4,300** ➢ Family coverage: **$8,550** **Catch-Up:** Individuals ages 55 and older can also make an additional $1,000 "catch-up" contribution annually.	The 2024 maximum amount you can contribute to your health or limited purpose FSA is $3,200*
When are the funds available for my use?	You can be reimbursed only up to the amount in your account at the time you request reimbursement.	Full elected amount is available for use on 1/1, even before contributions occur via payroll deduction.
Can unused funds be rolled over from year to year?	Yes	Yes, rollover limits apply. (See page 5)
Can funds be used for non-health care expenses?	Yes, however, non-health care distributions must be included in gross income and are subject to 20% penalty tax. An exception to the 20% penalty applies to distributions for non-qualified expenses for those individuals who are disabled or over the age of 65. Over age 65 taxes still apply.	No, the IRS requires that you use your Health and Limited FSA to only pay for eligible medical, dental, and vision care expenses as outlined in the Internal Revenue Code 213(d).

***2025 Healthcare FSA and Commuter maximums have not been published yet by the Internal Revenue Service (IRS). Once released, the 2025 IRS Healthcare FSA and Commuter maximums will apply for the 2025 benefit plan year.**

Comparison of HSAs and Healthcare FSAs

	Health Savings Account (HSA)	Health Care & Limited Purpose Flexible Spending Accounts (FSA)
Must health care expenses be incurred during the plan year the contribution is made?	No, expenses are eligible for reimbursement after claim has been incurred anytime after HSA account is established.	Yes, expenses must be incurred within the calendar year.
Federal tax treatment of employee contributions	Tax-deductible for individual, even if he or she does not itemize, provided contributions do not exceed the individual's annual contribution limit. If an employee contributes to his or her HSA through salary reduction, the contributions are tax-free and are not subject to FICA and other employment taxes.	If an employee contributes to an FSA through salary reductions under a cafeteria plan, the contributions are tax-free and are not subject to FICA and other employment taxes.
Is third party substantiation of expenses required?	No, if audited by the IRS, the employee shows that the HSA funds were used only for qualified health expenses.	If debit card is used it's not always required. However, you will be asked for substantiation at various times if expenses are questioned. If reimbursement is requested through claim forms, each time reimbursement is requested proof of expense is required along with proof of which individual the expense was incurred for.
Is the account portable between employers?	Employee owns account and can continue to use the account until funds are spent. Banking fees apply.	No, FSAs cannot be rolled over to a new employer.
Is re-enrollment required each year?	Yes, you must elect HSA contributions each year.	Yes, you must elect FSA contributions each year.
Are mid-year enrollment changes allowed?	Yes	No, unless qualified family status change.