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J.M. Huber Corporation

To: HR Professionals

From: Ann Anton, Director of Benefits and HR Services

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Regarding: Flexible Spending Account Information Once Employment Ends

The following frequently asked questions (FAQs) may help you in counseling terminated employees concerned about their Flexible Spending Account (FSA) once their employment ends.

When will my FSA coverage end?

Health Care or Dependent Care Flexible Spending Account coverage will end on the day of your separation from Huber.

What is the eligible period for expense reimbursement?

Reimbursement under both the Health Care and Dependent Care Flexible Spending Account are for eligible expenses incurred through your termination date. The IRS requires an FSA administrator to ensure that the expenses submitted for reimbursement are incurred while coverage is in effect. Therefore, expenses incurred after the termination date are not eligible for reimbursement.

How much time do I have to submit an FSA claim?

Once you terminate participation in the Health Care Flexible Spending Account or Dependent Care Flexible Spending Account, you will have **90** days after your termination date to submit a claim for expenses incurred during your period of coverage.

Why might I consider electing COBRA Health Care FSA?

An FSA gives you the benefit of using pre-tax dollars to pay for eligible expenses. Why, therefore, would an employee choose to elect to continue contributions on a post-tax basis under a COBRA Healthcare FSA? Electing a COBRA Health Care FSA allows the former employee an opportunity to extend the coverage period. You must be enrolled in Health Care FSA as an active employee in order to elect this coverage under COBRA.

For example, if you terminate in November you may elect to continue contribution for December under COBRA on a post-tax basis in order to cover a claim for reimbursement on a service they wish to incur in December. Eligible expenses incurred in December will be reimbursed based on the total FSA contributions for that year.

Since COBRA offers the employee the opportunity to continue to make contributions to the account for up to the balance of the benefit year, the employee who terminates on December 31, would not be able to continue under COBRA, because all of the contributions for that year will have been made.

COBRA is not offered for the Dependent Care account.