

# Tax Saver Benefit (TSB)

## Healthcare Reimbursement Account Dependent Care Reimbursement Account



The TSB is a voluntary plan that consists of two tax-advantaged reimbursement accounts which allow you to pay for eligible out-of-pocket healthcare and dependent care expenses with pre-tax dollars. You decide the annual amount you want to contribute, and contributions are taken from your paycheck each month before taxes. With either account, you benefit from having less taxable income on each of your paychecks, which means more spendable income to use toward your eligible healthcare and dependent care expenses.

### TYPES OF ACCOUNTS

**1 Healthcare Reimbursement Account** allows for reimbursement of qualifying out-of-pocket medical, prescription, vision, hearing, and dental expenses not covered by medical insurance for you, your spouse, and your eligible dependents.

For participants enrolled in a Health Savings Account (HSA), eligible expenses are limited to vision and dental expenses, and post-deductible medical expenses.

**2 Dependent Care Reimbursement Account** allows for reimbursement of eligible child and/or elder care expenses that allow you and your spouse to work. Such expenses include day care, before- and after-school care, nursery school, preschool, and summer day camp.

### CONTRIBUTION MAXIMUMS

All contributions to the reimbursement accounts are made by the employee. There is no minimum contribution requirement for either account.



#### Healthcare Reimbursement Account

**\$2,700 PER PERSON**

Spouses can each have their own account with a \$2,700 contribution.



#### Dependent Care Reimbursement Account

**\$5,000 PER HOUSEHOLD**

Spouses can each have their own account but their combined elections cannot exceed \$5,000 (\$2,500 for married employees who file their taxes separately).

### ELIGIBILITY & ENROLLMENT

Full-time (75% FTE or more) Academic and Staff employees (including IU Residents) are eligible to participate in the TSB plan. Enrollment in the plan is governed by IRS regulations, and is only allowed during the annual Open Enrollment period in November, within 30 days of an IRS-qualifying life event (e.g. birth or change in marital status), or within 30 days of hire or transfer into an eligible position. Changes due to an

IRS-qualifying event must be made prior to November 1 of the plan year. If the event occurs on or after November 1, you must wait until the next Open Enrollment period to make any changes, with an effective date of January 1.

### HOW DOES THE TSB PLAN WORK?

The TSB plan is a “use-it-or-lose-it” plan, so you must plan for predictable expenses. The money you contribute to your account must be used for expenses incurred during the same year the money is deposited. For the healthcare reimbursement account, a maximum of \$550 may be rolled over to the following calendar year. Any money above the \$550 carryover will be forfeited. There is no rollover provision for the Dependent Care account.

### USING YOUR FUNDS TO PAY FOR ELIGIBLE SERVICES

When you enroll in the TSB plan, your account(s) are funded with the full amount you elected to contribute. Throughout the year, you “pay your account(s) back” with pre-tax deductions from your paycheck. When you or an eligible family member incurs an eligible expense, you can access your TSB funds to pay for those products or services in the following ways:

- **Use the IU Benefit Card.** The IU Benefit Card is a debit-type Visa card that allows you to pay for eligible healthcare expenses from either your Healthcare TSB, Health Savings Account (HSA), or both. You simply swipe the card to pay the expense at an eligible healthcare merchant. The IU Benefit Card cannot be used to pay for Dependent Care expenses.
- **Pay Your Provider Online.** You can also use your IU Benefit Card to pay your healthcare provider online or pay for your mail order prescriptions.
- **Reimburse Yourself.** If you pay for an eligible expense out-of-pocket, you can submit a claim to Nyhart to be reimbursed from your Healthcare or Dependent Care account. Claims payments are deposited directly to your checking or savings account.

Be sure to save your receipts—when you submit a claim, you’ll need to substantiate it with documentation (i.e. receipts).

## WHEN ENROLLED IN BOTH THE HEALTH SAVINGS ACCOUNT (HSA) & THE TSB HEALTHCARE ACCOUNT

When enrolled in both the HSA and TSB Healthcare accounts, TSB funds can only be used for dental and vision expenses until the HDHP deductible has been met for the year. Proof of meeting the deductible must be provided to Nyhart. Once the deductible is met for the year, TSB funds can then be used for medical and prescription expenses from that point forward.

### ELIGIBLE EXPENSES

**Healthcare Reimbursement Account.** Expenses must be incurred by the employee or the employee's spouse or eligible dependent (age 25 or under). Examples of eligible expenses are:

- Medical deductibles, copays, and coinsurance<sup>1</sup>
- Vision and dental deductibles, copays, and coinsurance
- Prescription eye glasses, frames, and contacts
- Dental care and orthodontia
- Transportation and parking required for medical services<sup>1</sup>
- Hearing aids and related expenses<sup>1</sup>
- Routine care and physical exams<sup>1</sup>
- Prescription drugs<sup>1</sup>
- Weight loss programs prescribed by a physician to treat diagnosed obesity (BMI=30 or greater)<sup>1</sup>
- Smoking cessation programs<sup>1</sup>
- Radial keratotomy and LASIK
- Certain over-the-counter (OTC) items and medicines<sup>1</sup>
- Menstrual care products<sup>1</sup>

<sup>1</sup> These expenses are not eligible expenses when enrolled in an HSA and the HDHP deductible has not been met.

**Dependent Care Reimbursement Account.** Generally, expenses are eligible for the following dependents: children less than age 13; totally disabled dependents; or dependents otherwise eligible for Federal Income Tax purposes, if all of the following conditions are met:

1. The employee is unmarried, or if married, both the employee and spouse work (or the spouse is a full-time student or is totally disabled); and
2. The expense is incurred within the plan year to enable the employee and spouse to work; and
3. The expenses are paid to someone who is not also the employee's dependent for federal income tax purposes and the caregiver reports the income for tax purposes; and
4. If divorced, the employee or spouse is the custodial parent; and

## ACCESS YOUR TSB ACCOUNT ON-THE-GO

Login to [iu.nyhart.com](http://iu.nyhart.com) or download the IU HSA/TSB/ERIP mobile app for 24/7 access to your account:

- Check your balances
- Submit a claim for reimbursement
- Contact Nyhart customer service
- and more!



Follow [these instructions](#) to get started.

5. The services are not provided free of charge or for a period of time when the employee or spouse is providing the care, i.e., on vacation or leave; and
6. If provided by a day care facility, the facility meets all State and Local regulations; and
7. If for elder care, the elder dependent lives in the employee's home at least 8 hours per day; and
8. The charges will not be claimed as a Federal Child Care Credit against Federal income taxes.

### THINGS TO CONSIDER BEFORE ENROLLING

Because the TSB accounts are governed by Section 125 of Internal Revenue Code, there are specific rules and regulations that affect the way they operate.

- **Elections must be made in advance.** You must decide before the beginning of the plan year how much you want to contribute to your account(s).
- **You can only change your election mid-year under limited circumstances.** Once you have made your election for the year, you can only change it if you experience an IRS-qualifying life event (e.g. marriage, divorce, birth or death of a dependent, etc.). The change in your election must coincide with the event.
- **Money from one account cannot be used for the other account's expenses.** TSB Healthcare funds can only be used for eligible healthcare expenses, and TSB Dependent Care funds can only be used for eligible dependent care expenses. Funds cannot be transferred from one account to the other for any reason.
- **If you use your TSB funds for an expense, you cannot also take a tax deduction or claim a tax credit for the same expense.**

## Want more information on this plan?

Visit [hr.iu.edu/benefits/tsb.html](http://hr.iu.edu/benefits/tsb.html) or contact AskHR at [askhr@iu.edu](mailto:askhr@iu.edu) or 812-856-1234. Already enrolled? Login to [iu.nyhart.com](http://iu.nyhart.com) or contact Nyhart at [support@nyhart.com](mailto:support@nyhart.com) or 800-284-8412.

*This sheet is designed to summarize the Tax Saver Benefit (TSB) plan being offered by Indiana University to eligible employees. The university reserves the right to amend or terminate the plan at any time.*