

Flexible Spending Account (FSA) Education Collateral

Flexible Spending Account (FSA) Overview:

Fundamental FSA attributes, types of FSAs, benefits / advantages, account management, and capabilities.

Flexible Spending Account (FSA) FAQs:

Questions and answers around general FSA attributes, types, rules and how to file claims.



YOUR BENEFITS

PNC BENEFIT PLUS FLEXIBLE SPENDING ACCOUNT OVERVIEW

The PNC BeneFit Plus Flexible Spending Account (FSA) is a smart way to pay for your out-of-pocket qualified healthcare and/or dependent care expenses. You can enjoy tax savings and a convenient debit card for your eligible expenses.

What is an FSA?

An FSA is a tax-advantaged account offered by your employer that allows you to pay for eligible out-of-pocket healthcare and dependent care expenses, with pre-tax dollars, for you, your spouse and your eligible dependents.^{1,2} During benefit enrollment, you decide the annual amount you want to contribute, which effectively lowers your taxable income.

Most Common Types of FSAs

- Health Flexible Spending Account (Health FSA)** allows for reimbursement of qualifying out-of-pocket medical expenses. For a list of eligible Health FSA expenses, please refer to the FSA and HSA Eligible Expenses List (see the "Tools & Support" tab on the PNC BeneFit Plus Consumer Portal at participant.pncbenefitplus.com).^{1,2}
- Limited Purpose Flexible Spending Account (LPFSA)** allows reimbursement for preventive care and vision and dental expenses. The LPFSA is used in conjunction with a qualified High Deductible Health Plan (HDHP) and Health Savings Account (HSA).^{1,2}
- Dependent Care Flexible Spending Account (DCFSA)** allows for reimbursement of dependent care expenses (e.g., daycare) incurred by eligible dependents.¹ Please check with your employer to see which Plans are offered.

Throughout the year, you are likely to face expenses when taking care of yourself and/or your family that insurance does not cover. An FSA can reduce your taxable income and your out-of-pocket expenses when you use your FSA to pay for healthcare items or dependent care expenses you would purchase anyway.

Is an FSA Right for Me?


An FSA is a great way to pay for expenses with pre-tax dollars. A Health FSA could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance, or deductibles for health, prescription, dental or vision plans.
- Have a health condition that requires the purchase of prescription medications on an ongoing basis.
- Wear glasses or contact lenses.
- Receive orthodontia treatments, such as braces, or have dental expenses not covered by your dental insurance.

A Dependent Care FSA allows you to set aside pre-tax dollars for out-of-pocket, eligible expenses (e.g., daycare) related to care for a qualified individual.¹

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YOUR HEALTHCARE BENEFITS

FREQUENTLY ASKED QUESTIONS ABOUT FLEXIBLE SPENDING ACCOUNTS

A Flexible Spending Account (FSA) is a tax-advantaged account offered by employers that allows employees to pay for eligible out-of-pocket healthcare and dependent care expenses with pre-tax dollars. FSAs are exempt from federal taxes, Social Security (FICA) taxes and, in most cases, state income taxes.¹

Common Types of Flexible Spending Accounts

Health Flexible Spending Account (Health FSA) allows employees to pay for eligible healthcare expenses not covered by insurance with pre-tax dollars.²

Limited Purpose Flexible Spending Account (LPFSA) allows employees to pay for eligible dental, vision and preventive care expenses not covered by insurance with pre-tax dollars.²

Dependent Care Flexible Spending Account (DCFSA) allows employees to pay for qualified dependent care services (e.g., daycare) with pre-tax dollars.

Why should I enroll in an FSA?

With an FSA, your out-of-pocket health and/or dependent care expenses are paid with tax-free dollars!

Can I use my FSA to pay for family members' eligible expenses?

You can use your FSA to pay for eligible expenses incurred by you, your spouse and your eligible dependents. Eligible dependents include qualifying children and may include domestic partners if they qualify as a tax dependent.¹

Can I change my FSA election mid-year?

Certain change-in-status events (e.g., marriage, divorce, birth, death, or a change in the cost of dependent care) may allow you to change your election amount.¹ Please refer to your employer's Plan Document for further guidance on qualifying change-in-status events that may impact you.

There is a wide range of healthcare expenses that are eligible for reimbursement under a Health FSA.

FSA General Questions


What are the general features and tax benefits of a Health FSA?^{1,2}

- Your contributions are pre-tax or tax-deductible.
- You get immediate access to the full amount of your annual election amount on the first day of your plan year.
- Tax-free distributions are used to pay for qualified medical expenses.

FSA dollars can be used during the plan year; however, they may not carry over from year to year, depending on your employer's plan.

For more details, please refer to the "Additional FSA Questions" section at the end of this document.

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Link to the PNC BeneFit Plus FSA Overview: Click on the brochure or [here](#) to view or download.

Link to the PNC BeneFit Plus FSA FAQ: Click on the brochure or [here](#) to view or download.

Flexible Spending Account (FSA) Education Collateral

Dependent Care Account Flexible Spending Account (DCFSA) FAQs:

Questions and answers around general DCFSA attributes, benefits / advantages, rules and how to file claims.



YOUR HEALTHCARE OPTIONS

FREQUENTLY ASKED QUESTIONS DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Families often need help with child and older care. A Dependent Care Flexible Spending Account (DCFSA) lets you save on dependent care expenses using pre-tax dollars. You can spend your dependent care account funds on a wide range of care for eligible members of your family. Some of the expenses covered include adult day care, child day care, babysitting, before- and after-school programs, and sick child care.

General

Q Why should I enroll in a DCFSA?
With a DCFSA, you use pre-tax dollars to pay qualified out-of-pocket dependent care expenses. The money you contribute to a DCFSA is not subject to payroll taxes, and you end up paying less in taxes and taking home more of your paycheck.

- Reduce your overall tax burden—Funds are withdrawn from your paycheck for deposit into your account before taxes are deducted. For example, someone in the 30% tax bracket who sets aside \$1,000 annually will save \$300.
- Take advantage of several convenient payment and reimbursement options.

Q What qualifies as dependent care?
Eligible expenses are dependent care expenses for eligible dependents that are incurred as that a single parent or both married parents carework. To qualify, a single parent or both married parents must be employed, or the spouse must be a full-time student.

If you're married and you file a joint return, or you file a single or head-of-household return, the annual IRS limit is \$5,000. If you're married and file separate returns, you can each deduct \$2,500 for the calendar year.

Eligible dependents include:

- Children under age 13 who are claimed as a dependent for tax purposes
- Care of a disabled spouse or disabled dependent of any age

Irreligible expenses:

- Costs already claimed as a dependent care tax credit on your income tax return
- Nursing home, respite care or other residential care centers
- Nighttime babysitting expenses that are not work-related
- Expenses while absent from work for more than two weeks at a time
- Costs paid to your own dependents, under age 13, who are caring for your dependent
- Expenses paid for schooling for kindergarten or higher

Contributions

Q How much can I contribute to my DCFSA?
Your election may not exceed the maximum amount specified in Section 129 of the Internal Revenue Code. Currently, the maximum annual amount is \$5,000 per year (\$2,500 each if you are married and file separate returns). Your maximum allocation may not exceed the earned income limitation. If you are single, the earned income limitation is your salary (excluding your contribution to the plan). If you are married, the earned income limitation is the lesser between your salary (excluding your contribution to the plan) or your spouse's salary.

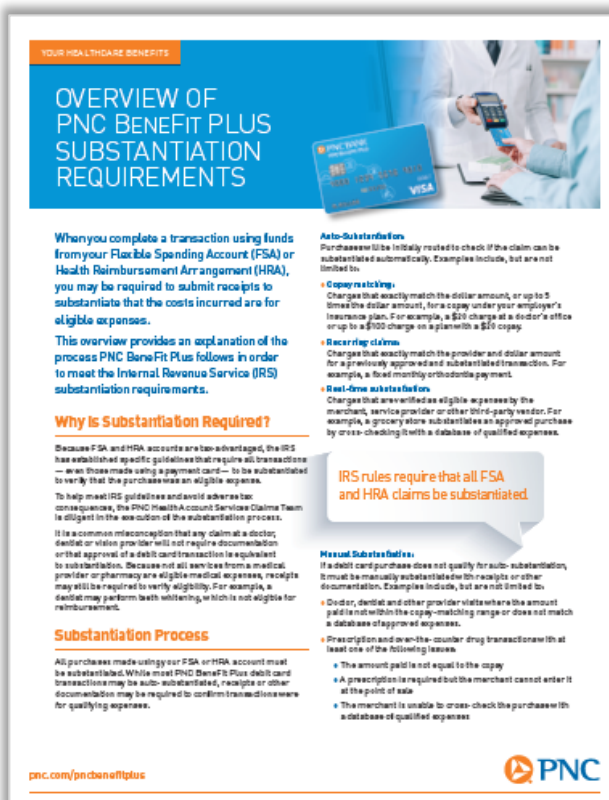
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Link to the PNC BeneFit Plus DCA FAQ: Click on the brochure or [here](#) to view or download.

Flexible Spending Account (FSA) Substantiation Requirements Overview:

An explanation of what documentation is required when you need to substantiate a claim.



YOUR HEALTHCARE BENEFITS

OVERVIEW OF PNC BENEFIT PLUS SUBSTANTIATION REQUIREMENTS

When you complete a transaction using funds from your Flexible Spending Account (FSA) or Health Reimbursement Arrangement (HRA), you may be required to submit receipts to substantiate that the costs incurred are for eligible expenses. This overview provides an explanation of the process PNC BeneFit Plus follows in order to meet the Internal Revenue Service (IRS) substantiation requirements.

Why Is Substantiation Required?
Because FSA and HRA accounts are tax-advantaged, the IRS has established specific guidelines that require all transactions— even those made using a payment card— to be substantiated to verify that the purchases are eligible expenses. To help meet IRS guidelines and avoid adverse tax consequences, the PNC Health Account Service Claims Team is diligent in the execution of the substantiation process.

It is a common misconception that any claim at a doctor, dentist or vision provider will not require documentation or that approval of a debit card transaction is equivalent to substantiation. Because not all services from a medical, provider or pharmacy are eligible medical expenses, receipts may still be required to verify eligibility. For example, a dentist may perform teeth whitening, which is not eligible for reimbursement.

Substantiation Process
All purchases made using your FSA or HRA account must be substantiated. While most PNC BeneFit Plus debit card transactions may be auto-substantiated, receipts or other documentation may be required to confirm transactions were for qualifying expenses.

Auto-Substantiation
Purchases will be initially routed to check if the claim can be substantiated automatically. Examples include, but are not limited to:


- **Copy matching:** Charges that exactly match the dollar amount, or up to 5 times the dollar amount, for a copy under your employer's insurance plan. For example, a \$50 charge at a doctor's office or up to a \$100 charge on a plan with a \$50 copay.
- **Receipting claims:** Charges that exactly match the provider and dollar amount for a previously approved and substantiated transaction. For example, a fixed monthly orthodontia payment.
- **Real-time substantiation:** Charges that are verified as eligible expenses by the merchant, service provider or other third-party vendor. For example, a grocery store substantiates an approved purchase by cross-checking it with a database of qualified expenses.

IRS rules require that all FSA and HRA claims be substantiated.

Manual Substantiation
If a debit card purchase does not qualify for auto-substantiation, it must be manually substantiated by receipts or other documentation. Examples include, but are not limited to:

- Doctor, dentist and other provider visits where the amount paid is not within the copy-matching range or does not match a database of approved expenses.
- Prescription and over-the-counter drug transactions with at least one of the following issues:
 - The amount paid is not equal to the copay
 - A prescription is required but the merchant cannot enter it at the point of sale
 - The merchant is unable to cross-check the purchase with a database of qualified expenses

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Link to the Substantiation Requirements Overview: Click on the brochure or [here](#) to view or download.