

## Flexible Spending Account (FSA) Credits

# frequently asked questions

**Q: What is a Flexible Spending Account (FSA)?**

**A:** The Flexible Spending Account is an employer funded benefit that provides eligible employees with annual credits (benefit dollars) to customize their overall compensation package to best meet their needs.

Eligible employees can allocate FSA credits into one or more of the following accounts:

1. Flex Spending Health – Canada (non-taxable)
2. Personal Spending (taxable)
3. Group RRSP (taxable)
4. Group TFSA (taxable)

**TFSA Exclusions:** AUPE STV, CUPE 408 (Medicine Hat) and USW are not eligible.

For further details on the FSA, the Alberta Blue Cross benefit booklets are excellent resources as they identify eligible expenses by category (Health – Canada or Personal Spending) along with exclusions, and the claiming process. For further assistance, please note the following:

- The Personal Spending Account is referenced as a Wellness Spending Account (WSA) in the Alberta Blue Cross Booklet.
- Alberta Blue Cross booklets path: (<https://www.compassionnet.ca/Page382.aspx>).
- When allocating FSA credits to an RRSP or TFSA, ensure you review their specific FAQs to educate yourself on **the entire allocation process** which includes setting up a Group RBC account. If your Group RBC account is not set up within the deadline your credits will default to the Health Spending – Canada account without the opportunity to reallocate.
- FSA Brochure provides a quick reference guide, and the path is as follows: (<https://www.compassionnet.ca/Page2218.aspx>).

**Q: What are the eligibility criteria for the Flexible Spending Account?**

**A:** The FSA eligibility requirements are as per the employee's respective Collective Agreement or Terms and Conditions of Employment.

**Q: Is there a monthly premium applied to the FSA benefit?**

**A:** There are no premiums associated with the FSA benefit; the employer fully funds it.

**Q: Do I have to enroll in the Alberta Blue Cross Supplementary Health and Dental benefits to qualify for the FSA benefit?**

**A:** No. The FSA benefit is independent from your Covenant Health Supplementary Health and Dental enrolment.

**Q: When do I allocate my FSA credits?**

**A: Initial eligibility:**

Your FSA credits are allocated through your Benefit Open Event (OE). Benefit eligible employees have up to 31 days to elect their benefits during the OE, which includes the FSA credit allocation.

Once your FSA credit allocation is submitted via e-People/ Employee Self Service (ESS), the selection cannot be redirected unless you contact the HR Contact Centre prior to the allocation deadline (31 days of becoming eligible).

In some instances, employees may become eligible for the FSA later. In this instance, an additional OE will be created, providing the opportunity for FSA credit allocation.

**A: Annual allocation for the subsequent calendar year:**

To allocate the FSA credits for the upcoming calendar year, active employees, employees on paid sick leave or WCB Assignment, and employees working in a gradual return to work program are required to allocate through e-People/Employee Self-Serve.

Please do not use a Mac computer, tablet, or smart phone when making your FSA allocation as technical issues may arise prohibiting you from finalizing your selections. Unresolved technical issues will result in your credits defaulting to the Flex Health Spending – Canada account.

During the specific allocation window, employees may log into e-People and change their allocations. Please ensure you allocate early enough in the allocation window to allow for resolution of any questions or technical difficulties. The specific allocation windows occur annually in November and December, depending on your employee group.

**Q: How do I know when or how to allocate my annual FSA credits if I am on an approved Leave of Absence?**

**A:** Eligible employees on an approved LOA will receive notification of the annual allocation period via their Covenant Health email address and through Canada Post to the address listed in e-People. Employees will have the option to allocate via e-People/Employee Self-Serve or by paper submission. Please ensure your address is correct in e-People and give yourself adequate time to submit your elections as late submissions will not be processed.

**Q: If I hold multiple FSA eligible positions, will I allocate my annual FSA credits per position?**

**A:** No. Employees within multiple FSA eligible positions will allocate via a paper form submission within the same allocation window as the online submissions. Please ensure you leave adequate time to submit your elections as late submissions will not be processed.

**Q: How are the FSA allocation timelines communicated?**

**Initial eligibility:**

**A:** HR-Shared Services (HR-SS) will advise newly benefit eligible employees of their Open Event (benefit elections through e-People) via email to their Covenant Health email address. During the Open Event, employees elect their benefit selections and any applicable FSA credit allocations.

**Annual allocation for the subsequent calendar year:**

**A:** HR-SS provides FSA communication to eligible employees' Covenant Health email address prior to the allocation window. This ensures adequate notice and essential information is provided for employees to make an informed decision.

In addition, HR-SS issues FSA email notifications to employees Covenant Health email address when the annual allocation window opens, halfway through the allocation window, and at the closure of the event.

**Q: Who do I contact if I am having problems allocating my credits?**

**A:** Please direct your questions to the HR Contact Centre by calling 1-877-511-4455 or via e-People>Employee Self Service>HR Contact Centre to log a ticket. To avoid missing the deadline, allocate your credits as soon as possible in the event you require assistance.

**Q: If I miss the FSA credit allocation deadline, may I allocate later?**

**A:** No. Employees that forget to allocate, run out of time, or experience technical difficulties preventing allocation by the deadline will not have the opportunity to make their elections later. In these instances, 100% of the employee's FSA credits will default to the Health Spending – Canada account. Defaulted FSA credits will stay in the Health Spending – Canada account until they are used or forfeited.

**Q: What happens if I am on vacation during the allocation window?**

**A:** The annual allocation for FSA credits completed online, therefore, typically you can allocate from any computer with an internet connection. If you are going to be on vacation during the entire allocation period, please remember to take your sign on information with you so that you can allocate while you are away. If you are reluctant to allocate online due to Wi-Fi accessibility and/or reliability, please contact the HR Contact Center in advance and request a manual allocation form. If you do not allocate during the specified deadline, your flex credits will default to the Health Spending – Canada account without the ability to reallocate.

HR Contact Centre: Call 1-877-511-4455 or log a ticket via e-People>Employee Self Service>HR Contact Centre.

**Q: Should I save a printed or electronic copy of my allocation selection?**

**A:** Yes, the onus is on the employee to verify their allocation election, should a glitch occur. To avoid any unforeseen issues, we encourage you follow the below noted steps.

1. An **email confirmation** is issued the morning after a successfully submitted allocation. Please ensure you save the confirmation email as it confirms your selection is valid and complete. If you do not receive the confirmation email, your allocation was not submitted, therefore contact the HR Contact Centre as soon as possible.

HR Contact Centre: Call 1-877-511-4455 or log a ticket via e-People>Employee Self Service>HR Contact Centre.

2. **Print a copy of the final submission** results and maintain the paper copy for your records.

**Q: When will I have access to my FSA credits?**

**Initial eligibility:**

**A:** The initial FSA credit eligibility date aligns with the Supplementary Health and Dental commencement date – on the first of the month following the date of hire/transfer into an FSA eligible position. Eligible employees will have access to their initial FSA credits upon the completion of the benefit Open Enrolment process. **When allocating, please keep in mind eligible expenses that were incurred/paid for prior to the benefit effective date will not be eligible for reimbursement.**

If the FSA has been allocated towards RRSP and/or TFSA, the credits are divided into equal monthly deposits as per the number of full months remaining in the calendar year.

**Annual allocation for the subsequent calendar year:**

Employees will have access to their annual FSA credit elections in January of the upcoming calendar year. Due to processing timelines at year-end, the new FSA credit deposits may be delayed. Eligible Flex Spending Health – Canada and Personal (Wellness) Spending account claims with an incurred/paid date of January 1 or later of the upcoming calendar year, will be processed as soon as possible.

FSA RRSP and TFSA elections are deposited monthly (1/12) throughout the calendar year.

**Note:** Please review the RRSP and/or TFSA FAQ for instructions on how to ensure your election does not default to the Health Spending – Canada account.

**Q: Do the FSA credits have an expiry date?**

**A:** Yes. Unused FSA credits in the Flex Spending Health – Canada and the Personal Spending accounts carry forward for one additional calendar year and must be spent no later than December 31<sup>st</sup> of the carry forward year.

Eligible claims, for used (spent) FSA credits must be submitted for reimbursement (**received** by Alberta Blue Cross) within the same calendar year in which credits are spent. Should you have outstanding eligible claims at the end of the calendar year, please ensure they are submitted and received by Alberta Blue Cross within 2 months following December 31 or the expenses will be forfeited.

**Q: Will my FSA credits be recalculated if my FTE or salary changes?**

**A:** No. Flex credits are not adjusted throughout the calendar year. Once the FSA credits are allocated there are no increases or decreases to the FSA credits until the following calendar year.

**Q: Will I receive new FSA credits if I obtain an additional benefit eligible position within the same calendar year.**

**A:** Flex credits are allocated once per calendar year per employee grouping. As a result, additional credits are **not** allotted if/when a second position within the same employee grouping is added.

If the second position is FSA eligible and in a **new** employee grouping, the FSA credits would be allocated through the Open Event.

**Q: What happens if I terminate employment or transfer to a casual or non-benefit eligible position?**

**A:** Terminating employment or transferring to an ineligible position will result in the termination of the FSA credit balances at midnight on the last calendar day of the month in which you became ineligible. There is a runoff period in which employees have an opportunity to submit their eligible claims for reimbursement. Alberta Blue Cross must be in receipt of all eligible receipts within 2 months following the last day of month in which your coverage terminated.

In addition, if you allocate credits within the annual allocation window and you are no longer in an FSA benefit eligible position on January 1, your FSA credits will be removed.

Please reference the RRSP and/or TFSA FAQ as it relates to termination of employment or transferring to an ineligible position.

**Example:**

Transfer to an ineligible position or Termination on December 14<sup>th</sup>.

No Alberta Blue Cross benefit coverage after December 31<sup>st</sup>.

Eligible claims spent no later than December 31<sup>st</sup> are eligible for adjudication by Alberta Blue Cross if received within the 60-day deadline. The annual FSA allocation effective January 1 will not be processed (as the employee is no longer eligible).

**Q: How are the Personal Spending FSA credits taxed?**

**A:** **Personal Spending Account** paid claims (submitted & reimbursed) are taxable, therefore, subject to statutory deductions (income tax, CPP and EI). To limit the statutory deductions, a cap of \$1,000 per month was implemented, where possible (January – November) and the deductions will occur on the following month's non-benefit pay cycle (one month lag). It is important to note paid claims (submitted & reimbursed within a month) will be subject to statutory deductions the following month. If taxable benefit deductions do not occur within two months of reimbursement, it is recommended you log a ticket through Employee Self Service in e-People. In the event the paid claims (reimbursed within a month) are substantial, and the \$1,000 threshold roll over exceeds November, the remaining balance will be deducted on the non-benefit pay cycle in December. Additionally, the claims paid in November will be subject to statutory deductions on December's pay advice, *without* a cap. Paid claims in December, will be reported on your T4 for taxation.

**Q: Should I claim my Personal Spending expenses as they are incurred?**

**A:** Yes. Submitting your claims on a regular basis, as incurred may reduce the taxable implications on a single pay period vs submitting a group of claims together. It is important to keep in mind there is a one-month lag between when the claim is reimbursed vs paying the applicable statutory deductions therefore timely claim submission is strongly encouraged.

Examples:

Group of claims paid in October for \$3,500.00 are subject to statutory deductions up to the \$1,000 threshold in November and the remaining balance (\$2,500) will be taxed in December.

Claim paid in November for \$3,500 will be subject to full statutory deductions in December.