

## 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 have the opportunity to 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)\*

\*The employee groupings **not** eligible for the TFSA are as follows: AUPE STV, CUPE 408 (Medicine Hat) and USW.

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. The FSA Brochure provides a quick reference guide (<https://www.compassionnet.ca/Page2218.aspx>).

Note:

- Within the Alberta Blue Cross Booklet, the Personal Spending account is referred to as the Wellness Spending Account (WSA).
- The booklets (<https://www.compassionnet.ca/Page382.aspx>) are on CompassionNET by employee group.
- When allocating FSA credits to an RRSP or TFSA, ensure you review their specific FAQ's 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 required timeframe your credits will default to the Health Spending – Canada account without the opportunity to reallocate.

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

**A:** The FSA eligibility requirements are referenced in 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; it is fully funded by the employer.

**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 can I allocate my FSA credits?**

**A: Initial eligibility:**

Allocating your FSA credits is initially done 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 at a later date. 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 through 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 employees' Covenant Health email address prior to the allocation window to notify employees of the upcoming allocation window. This ensures information is available to make an informed decision prior to the allocation deadline.

In addition, HR-SS issues FSA email notifications to employees Covenant Health email address when the annual allocation window opens, half way 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 at a later date?**

**A:** No. Employees that neglect to allocate, run out of time, or experience technical difficulties preventing allocation by the deadline will not have the opportunity to make their elections at a later date. 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 is done online, therefore, typically you can allocate from any computer with an internet connection anywhere in the world. 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 Corporate Benefits ([benefits@covenanthealth.ca](mailto:benefits@covenanthealth.ca)) in advance and request a manual allocation form. If you do not allocate during the specified timeframe, your flex credits will default to the Health Spending – Canada account without the ability to reallocate.

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

**A:** Yes, having a copy of the final submission is your proof of allocation should you experience misdirected FSA credits. There are two formats in which you can document your final FSA elections.

1. You should receive an **email confirmation** the morning after a successfully submitted allocation. If you do not receive the confirmation email, it may mean your allocation was not successfully submitted. Please ensure you save the confirmation email as it confirms your selection is valid and complete.

**If you do not receive the confirmation email the following day, contact the HR Contact Centre** immediately for further assistance. Call 1-877-511-4455 or log a ticket via e-People>Employee Self Service>HR Contact Centre.

2. If you have access to a printer, you may **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 a 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 monthly allocation is divided by the remaining full months within the calendar year.

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

**A:** 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.

The FSA RRSP and TFSA (1/12 credit deposits) will occur monthly throughout the calendar year for active/benefit eligible employees who have allocated credits to those accounts.

Note: Please review the RRSP and/or TFSA FAQ for instructions on how to ensure your credit deposits transfer successfully to the Royal Bank of Canada.

**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 group, 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 run off 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 to be adjudicated 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:** Paid claims under the Personal Spending Account are a taxable benefit, subject to income tax, CPP and EI. Please consider this for any expensive items you claim under the Personal Spending Account as you will be taxed at source according to the amount you were reimbursed – up to \$1,000 per month. If there is an excess balance it will be carried forward to the following month. Employees with a remaining taxable benefit balances at the end of the taxation year (after Pay Period 24) will have the remaining taxable benefit balance reflected on their T4.