



NORTHWESTERN UNIVERSITY

Flexible Spending Account Plan

Summary Plan Description

2012

Plan Highlights

- The purpose of the Flexible Spending Account (FSA) Plan is to provide a tax-savings plan for paying out-of-pocket health, dental, vision and dependent care expenses.
- Participation in the FSA Plan is available to regular status University staff scheduled to work a minimum of 17.5 hours per week (half-time) and to faculty and exempt staff who are appointed on at least a half-time (50%) basis.
- Contributions to the Plan may be made to these FSA Accounts:
 - Health Care Account for unreimbursed health, dental and vision care expenses
 - Dependent Care Account for dependent care expenses
 - Limited Use FSA: A Health FSA plan available to employees enrolled in the Value PPO medical plan
- FSA contributions are made on a “pre-tax” basis. This means that deductions are not subject to federal or state income taxes or Social Security and Medicare taxes under the Federal Insurance Contribution Act (FICA). As such, pre-tax payroll deductions may result in higher net income. Pre-tax deductions may also decrease Social Security Earnings.
- The minimum annual contribution per Account is \$240.
- The maximum annual contributions are listed below:
 - Health Care Account and Limited Use FSA \$12,000 per year.
 - Dependent Care Account \$5,000 per year.
- The University matches eligible individual’s Dependent Care Account contributions up to \$4,000 per year based upon an individual’s total family adjusted gross income. University Matching Funds are *prorated* from the start date of eligibility.
- Reimbursement may be made as frequently as on a daily basis. Claims are processed by PayFlex, a third party FSA claims administrator.
- Dependent Care FSA: All remaining balances as of January 1, 2013 are forfeited. All claims with these dates of service/receipts must be submitted to PayFlex by March 31, 2013 or the funds will be forfeited.
- Health Care FSA: Eligible dates of service are January 1, 2012 through March 15, 2013. All claims with these dates of service/receipts must be submitted to PayFlex by March 31, 2013 or the funds will be forfeited.
- Individuals must re-enroll in the FSA Plans during the fall Open Enrollment in order to continue participation during the next calendar year.

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Purpose

The purpose of the Flexible Spending Account (FSA) Plan is to provide a tax savings plan for paying out-of-pocket health, dental, vision and dependent care expenses.

Plan Administrator

The University is the Plan Administrator and has the responsibility for operating and interpreting the Plan. Day to day administration of the Plan is performed by the Benefits Division of the Office of Human Resources.

Claims Administrator

PayFlex is the Claims Administrator for the FSA Plans including the regular Health Care, Dependent Care and Limited Use FSA.

For Further Information

The information contained in this Summary Plan Description is intended to summarize the major features of the FSA Plan. It is not intended to be a complete explanation or list of benefits provided by the FSA Plan.

An individual should access the PayFlex web site at <https://www.payflex.com> or review Internal Revenue Service Publications #503, *Child and Dependent Care Expenses* for additional information.

Continuation of the Plan

The University intends to continue this Plan indefinitely, but reserves the right to modify or terminate the Plan at any time with or without notice.

Participation in this Plan is provided to eligible faculty and staff and does not constitute a guarantee of employment. Participation in the Plan also requires continued employment and eligibility and is subject to the terms and conditions of the Plan Document.

Eligibility

This section summarizes eligibility requirements for participation in a Flexible Spending Account Plan.

Salary Requirement

An individual must receive University compensation paid by the University's payroll system and his or her University salary must be sufficient to cover the amount of monthly contribution.

Employee Classification

Faculty and staff must be paid from the University's payroll system and receive sufficient University income to cover specified premium amounts. You must be a full time faculty and/or staff member to be eligible for the University's Dependent Care Matching contributions.

Faculty

Faculty must be appointed on a full-time or part-time (halftime or greater) basis for the entire academic year or on a full-time basis for half the academic year. The University defines half the academic year as either one semester or 2 consecutive quarters.

Academic Full-Time and Half-Time Faculty

Such individuals must be compensated exclusively by one or more of the following affiliated McGaw Medical Center institutions including the University, Northwestern Medical Faculty Foundation (NMFF), Children's Memorial Hospital and its related faculty practice plans, the Rehabilitation Institute of Chicago, and the VA Lakeside Medical Center. NMFF income does not qualify to cover the amount of monthly premium deductions.

Contributed Service Faculty

Medical School faculty who volunteer to participate in the academic activities of the Medical School without direct financial compensation. Such individuals are not eligible to participate in the FSA Plan.

Phased Retirement Faculty

Faculty who enter into a Phased Retirement Agreement are eligible to participate in the FSA Plan.

ROTC Faculty

Individuals, who serve as full-time faculty for ROTC and NROTC programs on campus, while not paid by the University, are not eligible to participate in the FSA Plan.

Post Doctoral Fellows

Individuals classified as a Post Doctoral Fellow and appointed on at least a half-time basis are eligible to participate in the FSA Plan.

Post Doctoral Fellows – NRSA

Individuals classified as a Post Doctoral Fellow funded by a National Research Service Award (NRSA) from the National Institutes of Health (NIH) **are not** eligible to participate in the FSA Plan.

Visiting Scholars

Individuals classified as a Visiting Scholar, **are not** eligible to participate in the FSA Care Plan.

Visiting Personnel

Individuals with academic appointments of half time or greater appointment at the rank of professor, associate professor and assistant professor and paid by the University are eligible to participate in the University's FSA Plan. Visiting personnel without academic appointments inclusive of Visiting Post Doctoral and Pre- Doctoral Fellows **are not** eligible to participate in the FSA Plan.

Disabled Individuals

An individual who becomes permanently and totally disabled while working for Northwestern University and is receiving University-sponsored Long Term Disability benefits remains eligible to participate in the FSA Plan.

Individuals on a Leave of Absence

An individual on a paid leave of absence may continue making contributions by payroll deduction to and receive reimbursement from his or her FSA account. An individual on a leave of absence without pay may continue to make contributions to the plan on an

after tax basis and submit FSA claims for reimbursement. Contributions may not be made to the FSA Dependent Care Account though individuals may continue to seek reimbursement for services prior to the leave period.

Reduced Work Calendar Staff

An individual whose department work schedule is less than the standard 26.1 pay periods per year continues to be eligible to make contributions to and receive reimbursement from his or her FSA Health Care Account. An individual may not continue to make contributions to his or her FSA Dependent Care Account but may continue to seek reimbursement from his her Account for services received prior to the leave period.

Retired Individuals

An individual who retires from University employment may continue to submit claims for reimbursement during the period he or she was contributing to an FSA account but may not continue to make contributions to the FSA Dependent Care Account after retiring.

Deceased Individuals

A spouse or dependent child of a deceased individual is not eligible to participate in the FSA Plan other than to submit claims for reimbursement for services received prior to the individual's death.

Other Eligible Individuals

Spouse

A spouse must be legally married or in a legally recognized union and have their principal residence with the eligible employee.

Surviving spouse and children of a deceased individual

An eligible spouse or dependent child of a deceased individual or retired individual may continue to submit claims for reimbursement for services received up to and including the date of death but may not make contributions to the Dependent Care Account.

Dependent child

Coverage is extended to a dependent child through age 25.

Dependent children also include natural, step, legally adopted children, foster, and any children who are in an individual's custody under an interim court order prior to the finalization of adoption proceedings.

Any children who are dependent upon an employee for financial support and maintenance because of disability will be covered regardless of age if they were covered prior to reaching the limiting age.

An employee may elect to enroll the dependent children of their spouse. Dependent children do not include grandchildren.

The University requires proof of dependent status in determining eligibility for FSA coverage.

Parents and grandparents

An individual's parents, grandparents and in-laws are not eligible to participate in the FSA plan.

Duration of Eligibility

Participation in the Plan may continue for as long as an individual remains an eligible individual and receives a University salary.

Contribution Limits

This section highlights plan choices offered by the FSA Plan. Eligible faculty and staff may choose to participate or waive participation in the FSA.

- **Dependent Care Account**
- **Health Care Account** (not available to Value PPO members)
- **Limited Use Health Care Account** in conjunction with a Health Savings Account (HSA) and the Value PPO

Eligible individuals may also elect the amount of contributions up to:

- \$5,000 Dependent Care Account annual maximum contribution
- \$12,000 Health Care Account annual maximum contribution

Maximum Contribution Limits

Under IRS regulations, the maximum amounts an individual may contribute to the FSA Dependent Care Plan are:

For individuals filing taxes as single or married filing jointly the maximum annual contribution amount is \$5,000

For individuals married and filing taxes separately the maximum annual contribution amount is \$2,500 each

Minimum contribution: The minimum contribution is \$240 per year.

Dependent Care Flexible Spending Account

Summary

The purpose of the FSA Dependent Care Account is to provide a tax-savings program to assist eligible individuals fund work related dependent care expenses such as for a day care center or for in-home child care providers.

Eligibility

To qualify for reimbursement from the Dependent Care Account, dependent care expenses must be necessary for an individual (and their spouse, if married) to work. The expenses must be for the well-being and protection of a qualified dependent.

General Requirements

In addition to eligibility requirements, an individual may participate in the Dependent Care Account if he or she has an eligible dependent and meets one of the following requirements:

- The individual is a single parent, or
- The individual has a working spouse or
- The spouse is a full-time student for at least five months during the year while an individual is working, or
- The spouse is disabled and unable to provide for his or her own care, or
- The individual is divorced or legally separated parent who has child custody most of the time, even if the other parent may claim the dependent for tax purposes.

Dependents

Eligible dependents include:

- Any child under age 13 who is claimed as a dependent for federal income tax purposes.
- Any other dependent who normally spends at least eight hours in the home each day and who is unable to care for himself or herself because of a physical or mental disability. The person may be a child age 13 or over, a spouse, a parent, etc.

Dependent Care Account University Matching Funds

Full-time Employment Requirement

The University provides matching funds of up to \$4,000 directly to an eligible *full-time* individual, **as taxable wages**, to assist in meeting a portion of his or her annual dependent care expenses. Matching funds are available to full time employees who are actively at work. An employee's spouse must also work full-time or be a full-time student to qualify for the matching funds.

Total Family Income Requirement

The amount of the match is based on the individual's total family income. University matching contributions are added to a participant's taxable wages and along with the participant's contribution, deducted on a pre-tax basis, are deposited to the participant's FSA account.

To qualify for University matching contributions, total family income must be below \$100,000 as determined by:

- Adjusted Gross Income (AGI) as reported on his or her latest federal income tax return (IRS form 1040), or
- Adjusted Gross Income as reported on his or her spouse's latest federal income tax return if they file taxes separately.

NOTE: Only full-time faculty and staff and expenses related to the care of dependent children up to age 13 and disabled children up to age 16 qualify for the University's matching program.

If your household earnings are:	Percent of election match by NU:	Maximum NU Match:
Up to \$50,000	80%	\$4,000 per year
\$50,001 to \$60,000	60%	\$3,000 per year
\$60,001 to \$80,000	40%	\$2,000 per year
\$80,001 to \$100,000	20%	\$1,000 per year

Example:

Your Adjusted Gross Income was \$60,000 and you anticipate at least \$5,000 in child care expenses for 2010.
\$5,000 times University-provided portion of 60% = \$3,000
\$3,000 / 12 = \$250/month in additional earnings (University Match)
\$5,000 / 12 = \$416.67/month in FSA Dependent Care deductions from your paycheck

Enter \$5,000 as your annual FSA election amount.

Examples of Eligible Expenses

An individual may be reimbursed for dependent care which is provided:

- Inside or outside the home by anyone other than a spouse, a dependent claimed on his or her income tax return, or a child under age 19.
- In a day care or child care center. (If the center cares for more than six children, it must comply with state and local regulations.)
- By a housekeeper whose services include, in part, providing care for an eligible dependent

Examples of Ineligible Expenses

The following are examples of dependent care expenses which do not qualify for reimbursement:

- Expenses for food, clothing, education or entertainment, unless they are incidental and cannot be easily separated from the cost of dependent care.
- Schooling in the kindergarten or higher grades or beyond.
- Nursing home expenses.
- Payments made to a spouse or to any person declared as a dependent for income tax purposes.

IRS Tax Rules

The IRS permits a participant to take a federal tax credit on his or her annual income tax return for dependent care expenses. However, the amount deposited to the Dependent Care Account will reduce, dollar-for-dollar, the amount used toward the federal tax credit.

For some individuals, the tax savings is greater if they pay for dependent care expenses through the reimbursement account. For others, it is greater if they take a tax credit on their annual income tax returns.

For more information about the federal tax credit, an individual can call the IRS at (800) 829-3676 and ask for publication #503 *Child and Dependent Care Expenses* and for publication #596 *Earned Income Credit*. Publication #503 provides a list of eligible and ineligible expenses for both the tax credit and reimbursement account.

Individuals are encouraged to consult a credible tax advisor if there are any questions about whether the reimbursement account or tax credit is more advantageous.

Backup Care Match

The Backup Care Program provides non-taxable University funds to employees of up to \$25 per event up to a maximum of \$150 per calendar year toward the total cost of a designated provider. You must pay for your childcare costs upfront then request reimbursement for backup care benefits by submitting a Backup Care Match form with a copy of the invoice from the caregiver to the Work Life office. Contact the Human Resources Work Life office directly.

Visit the website for further information:

<http://www.northwestern.edu/hr/benefits/childcare/solutions/backup.html>

To qualify as an approved claim, backup care must be provided by the university's designated providers, including Kindercare facilities and the Evanston McGaw YMCA Children's Center.

Health Care Flexible Spending Account

Summary

The purpose of the FSA Health Care Account is to provide a tax-savings program for an individual to reimburse himself or herself for out-of-pocket expenses not covered by an individual's medical, dental or vision plans or a spouse's plans.

NOTE: Individuals who elect to participate in the PPO Value Plan may elect to participate in the Limited Use FSA Health Care Account. This Account limits eligible expenses to dental and vision services. Health service expenses may only be submitted once the Value PPO deductible has been met. This restriction does not apply to the regular FSA Account.

Maximum contributions: The maximum annual contribution is \$12,000.

Minimum contributions: The minimum annual contribution is \$240.

Eligible Expenses

Expenses that qualify for reimbursement under the Health Care Account must meet the following requirements:

The expense must not be covered by a health, dental or vision plan or spouse's plan. The expense must be included in the IRS list of eligible tax deductible expenses. A complete list may be obtained online at <https://www.payflex.com>

The expenses must be incurred by the participant or his or her eligible dependents (spouse and any children). To qualify, the dependent must be claimed as a tax exemption on the individual's federal income tax return.

Eligible expenses can be taken either as a tax deduction on the annual federal income tax return (IRS form 1040) or used toward Health Care Account reimbursement. An individual must select one method or the other because a deduction cannot be claimed for an expense that has been reimbursed through the FSA account.

Examples of Eligible Expenses

Typically, eligible out-of-pocket health care expenses are expenses incurred for medical care. Such expenses include amounts paid for the diagnosis and treatment of illness or injury including prescription drugs.

Eligible medications must have a prescription to be claimable.

Band Aids and gauze are eligible for reimbursement.

Expenses must be for the treatment of an existing disease or to prevent a disease that is likely to occur if the medication is not taken. They do not include toiletries and cosmetics, vitamins and dietary supplements or herbal remedies.

Examples of Ineligible Expenses

The following are examples of health care expenses which do not qualify for reimbursement:

Health insurance premiums, Medicare Part B premiums, Vitamins, Marriage or family counseling, Custodial care in an institution, Health club dues and Homeopathic medicine and Over the counter medications without a prescription.

For a complete listing of Eligible and Ineligible expenses, please visit the plan administrator, PayFlex, website. www.mypayflex.com . You do not need to be enrolled to view the list of expenses.

Limited Use Health Care Account

Eligible individuals who elect to participate in the Limited Use FSA Health Care Account must also elect to participate in the University's Value PPO high deductible health plan.

Participants may submit claims for reimbursement of costs associated with dental and vision services. Health service expenses may be submitted once the Value PPO deductible has been met.

For a complete listing of Eligible and Ineligible expenses, please visit the plan administrator, PayFlex, website. www.mypayflex.com. You do not need to be enrolled to view the list of expenses.

Benefits of Flexible Spending Accounts

This section summarizes benefits offered by the FSA Plan.

Benefits of contributing to the University sponsored FSA plans include:

- **Tax savings**

Contributions to the FSA Plan are exempt from taxation at the time of payroll deduction. The reimbursement of claims is also exempt from taxation. Plan participants save taxes related to paying out-of-pocket health, dental and dependent care expenses. Such expenses may include prescription co-payments, physician office visit co-payments, deductibles, co-insurance, eyeglasses, and orthodontia care and child care services.

- **Dependent Care University Match**

The University provides matching funds of up to \$4,000 to assist an eligible individual meet a portion of his or her annual dependent care expenses. Benefits are based on the employee's participation amount and their family adjusted gross income. Proof of income, most recent IRS 1040 and the Dependent Care Match enrollment form will be required for submission. Please see the Dependent Care FSA section for additional information.

*University Matching Funds are prorated during a calendar year, and will only be given for the timeframe of eligibility. For example: if you have a child in May, return to work and start daycare in July, your eligibility is from July – December to have the Dependent Care FSA. The Matching Funds will be given from July to December.

Contributions

This section summarizes premium contributions for the FSA Plan.

Contribution Tax Status

Contributions are deducted from paychecks on a pre-tax basis. This means that the contribution amount is excluded as taxable earnings.

Contribution Deduction Schedule

For individuals who are paid on a bi-weekly basis, contributions are deducted from the first and second payroll of each month. For individuals who are paid on a monthly basis, contributions are deducted from the paycheck issued the last working day of each month.

Contributions are deposited to an individual's account the month the contributions are deducted from individual's paycheck.

Contribution Calculator

A FSA savings calculator is available from the PayFlex web site or from the Health Decision Toolkit on the Benefits website.

Individuals on Leave

Individuals on a paid leave of absence may continue to pay contributions by payroll deduction.

Individuals on an Unpaid Leave of Absence

Individuals may continue FSA Health Account participation and contributions by paying monthly contributions by check payable to Northwestern University and submitting to the Benefits Division.

The contribution amount must be the same amount as the individual was making prior to leave. An individual may continue to submit claims for services received prior to the leave but may not continue Dependent Care Account contributions while on an unpaid leave.

Individuals Receiving Long Term Disability Benefits

Individuals receiving long term disability benefits may continue participation in the FSA Plans. Contributions continue to be paid by payroll deduction.

Individuals Receiving Short Term Disability Benefits

Individuals receiving short term disability benefits may continue making contributions to the FSA Plans but on an after-tax basis.

Enrollment Procedures

This section summarizes enrollment procedures and deadlines.

Initial Hire or Benefits Eligibility

Eligible faculty and staff must complete the online enrollment process no later than 31 days from the date of hire or initial benefits eligibility. Employees who do not enroll or waive coverage will automatically have coverage waived. Proof of dependency will be required prior to adding a dependent. Examples of such documentation include:

- Birth Certificate
- Marriage Certificate
- Adoption Certificate
- Court Ordered Document of Legal Custody
- Copy of Federal Tax Return
- Foster Care paperwork

After Hire or Initial Benefits Eligibility

After hire or initial eligibility, an individual may elect FSA participation; change the amount of the contribution as a result of marriage, birth or adoption of a child provided the individual notifies the Benefits Division and completes the enrollment process no later than 31 days from the date of a change in family status. During Open Enrollment, an individual may elect to enroll or re-enroll in the FSA Plan.

Re-enrollment Requirement

Faculty and staff must re-enroll in the FSA plan in order to continue participation for the next calendar year.

Effective Dates of Coverage

This section summarizes coverage effective dates for FSA Plan coverage.

Initial Hire or Benefits Eligibility

The effective date of FSA coverage is the first of the month following the date of hire or initial benefits eligibility. Effective July 1, 2010, employees hired on the first of the month are eligible for benefits as of the date of hire. Those hired in the middle of the month must still wait until the first of the following month.

After Initial Eligibility

The effective date of FSA coverage is based on the date of a qualifying change in employment or family status. An individual may drop FSA coverage by submitting a completed benefit withdrawal form to the Benefits Division no later than 31 days from the date of a qualifying change in family or employment status. The effective date of FSA coverage elected during Open Enrollment is January 1st.

Claims

This section summarizes the procedures and deadlines for submitting a claim for reimbursement from a FSA account.

PayFlex is the plan administrator of the Dependent Care FSA plan. You may register online at www.mypayflex.com to view your contributions, and claim status. You will use your Employee ID number and your Zip Code to set up your account. You may download claim forms from their website to complete and submit along with your receipt to PayFlex for reimbursement.

Dependent Care Account Claims

Claimable dates of service are from the date of eligibility to December 31st of that calendar year. Participants have until the end of March of the current calendar year to file claims for expenses incurred during the previous calendar year. All 2012 claims must be submitted to Payflex by March 31, 2013. **Any deposits from the previous calendar year that remain in the account on April 1st of the following calendar year must be forfeited under IRS regulations.**

If an individual terminates employment or retires, he or she has until the annual claim filing deadline to submit claims for the reimbursement of expenses incurred prior to termination. Unlike the FSA Health Care Account, an individual may not continue participation in the Dependent Care Account following termination.

Dependent Care FSA accounts do not receive a debit card for payments. Paper claim forms and receipts will need to be submitted for reimbursement. Claim forms are available for the Payflex website.

Required Information

When submitting a claim, the claim must show the name, Social Security number or federal tax ID number of the care provider and reimbursement amount. The Social Security and federal tax ID numbers are not necessary if the care provider is a tax-exempt group, such as a church or if the care is provided outside of the United States by a foreign citizen. The dependent's name, relationship to the individual, age and dates of service should also be provided. Appropriate receipts, invoices or other documents should be attached. Otherwise, the care provider may record this information on the claim form along with his or her signature.

Amount of Reimbursement

There is no minimum claim amount. Unlike reimbursement protocols for the Health Care Account which enable an individual to receive reimbursement of up to the full annual amount regardless of the amount deposited, the maximum reimbursable amount cannot exceed an individual's current account balance. If the claim exceeds the current account balance, the individual will be paid in installments after each paycheck when contributions are made to their FSA.

Reimbursement after a Change in Family Status

Reimbursement relating to a spouse or dependent child added as a result of a change in family status applies only to services received during the new coverage period for the covered individual.

Appealing a Denied Claim

If the claim is denied in whole or in part, an individual will receive a written Explanation of Benefits giving the reasons for the denial. If an employee wishes to appeal, he or she may contact the plan administrator PayFlex at 800-284-4885. Their customer service department will be able to assist you in the process of appeals or understanding what proof may be needed to get the claim paid.

If after contacting the plan administrator you would like to have further assistance, you may contact the Benefits Division at 847-491-7513. The Benefits Division may be able to assist you further. Documentation and a request for appeals in writing may be requested and the plan administrator may be contacted to review these documents and pertinent Plan documents regarding the situation.

A decision will be made on the appeal within 60 calendar days after the request for review is received, unless special circumstances arise. In such cases, an individual will be notified that up to 60 additional days may be required.

Plan Administrator decisions concerning appeals will be final and binding on individuals, dependents and all other interested parties. In no event will a participant or a family member be entitled to challenge a decision of the Plan Administrator in court or in another administrative proceeding, until all appeal procedures described above have been exhausted.

Health Care Account Claims

Health Care FSA members will receive a pre-activated debit card from PayFlex. They may use this debit card at the time of service to pay for eligible expenses if the service provider is an approved merchant. Approved merchants include but are not limited to: Medical Providers, Pharmacies, Vision, Wal-Mart, Walgreens, etc.

For a complete listing of IRS – approved merchants, please visit www.payflex.com

Paper claim submission is also possible. You may download claim forms from www.mypayflex.com through your online account with PayFlex. You will need to complete the claim form and attach a receipt of service; then fax the claims to PayFlex using the fax number from the form.

Deadline for Filing Health Care FSA Claims are from the date of eligibility during the current calendar year, to March 15th of the following calendar year. Participants will have until March 31st of the following calendar year to submit those dates of service. Any money not claimed by April 1st, of the following calendar year will be forfeited under IRS regulations.

Any deposits from the previous calendar year that remain in the account on April 1 of the following calendar year must be forfeited under IRS regulations.

Required Documentation

To file a claim for reimbursement from the Health Care Account, an individual must submit evidence of a qualified expense.

Examples of proper claim documentation include:

- A document referencing the date of service, provider, amount billed and paid, and the type of service.
- A canceled check accompanied by a third party statement as verification of the incurred health care expense.
- An Explanation of Benefits (EOB) statement received from a medical or dental insurance plan.

Amount of Reimbursement

There is no minimum claim amount. If the amount of a health care account claim exceeds the current reimbursement account balance, the claim will be paid up to the total amount an individual will deposit for the current year. If this results in a temporary negative account balance, deposits for the remainder of the year will be used to repay the negative balance.

All Health Care FSA money is available from date of eligibility.

Reimbursement after a Change in Family Status

Reimbursement relating to a spouse or dependent child added as a result of a change in family status applies only to services received during the new coverage period for the covered individual.

Appealing a Denied Claim

If the claim is denied in whole or in part, an individual will receive a written Explanation of Benefits giving the reasons for the denial. If an employee wishes to appeal, he or she may contact the plan administrator PayFlex at 800-284-4885. Their customer service department will be able to assist you in the process of appeals or understanding what proof may be needed to get the claim paid.

A decision will be made on the appeal within 60 calendar days after the request for review is received, unless special circumstances arise. In such cases, an individual will be notified that up to 60 additional days may be required.

Plan Administrator decisions concerning appeals will be final and binding on individuals, dependents and all other interested parties. In no event will a participant or a family member be entitled to challenge a decision of the Plan Administrator in court or in another administrative proceeding, until all appeal procedures described above have been exhausted.

Changes in Employment or Family Status

This section summarizes the impact of changes in employment or family status on FSA Account coverage. The effective date of the change will be the date of the Family Status event.

Changes in Family Status

An individual may add coverage or increase/decrease the Annual Pledge for a new family member as a result of marriage, birth or adoption of a child, provided the individual completes the enrollment process within 31 days from the date of a change in family status.

Proof of dependency will be required prior to adding a dependent. Examples of such documentation include:

- Birth Certificate
- Marriage Certificate
- Adoption Certificate
- Court Ordered Document of Legal Custody
- Copy of Federal Tax Return
- Foster Care paperwork

An individual may similarly change their Annual Pledge amount at any time as result of divorce or death. An individual may drop coverage for a specific family member and continue family coverage by submitting a completed enrollment form to the Benefits Division along with proof of these types of changes.

Leaves of Absence

An individual may continue to submit FSA claims for services received during the period he or she was actively making contributions to the FSA Account. Contributions may not be made to the Dependent Care Account during an unpaid leave period.

Termination of Employment

Participation in an FSA Account generally ends at the end of the month employment is terminated or an individual no longer meets the eligibility requirements (i.e., change to a position not eligible for benefits). An individual has until the annual claim filing deadline of that year to submit claims for the expenses incurred prior to termination of employment or loss of benefits eligibility. An individual may continue participation in the Health Care Account on an after-tax basis by electing COBRA continuation coverage.

Continuation of Rights Under COBRA

An individual may elect to temporarily continue participation in the FSA Health Care Account for expenses incurred after the termination date. Contributions for this period must be made on an after-tax basis and must be the same monthly amount as was being contributed prior to termination. These continuation rights are extended under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Under COBRA, participation in the Health Care FSA may be continued through the end of the calendar year in which termination of employment occurs. Contributions must be made by check, once per month, on an after-tax basis. Therefore, during the continuation period, an individual is not eligible for the pre-tax reductions in taxable income and income taxes that applied during active employment.

The amount of monthly deposits during the COBRA continuation period must be the same as monthly payroll deductions made during active employment. Continuation under COBRA therefore allows an individual to recover any balance in the Health Care Account that was not spent by the termination date.

Continuation Procedure

The procedures for notifying an individual of his or her continuation rights are as follows:

- The Benefits Division will notify an individual of continuation rights within 14 days of termination of employment.
- The individual has 60 calendar days from the date the notice is received to return a signed election form.
- An individual has 45 calendar days from the date the election form is received to pay the first Health Care FSA deposit. That check should cover the period which runs from the employment termination date through the end of the current month.

Each subsequent monthly deposit is due on the first day of the month. However, there is a 31 day monthly grace period to submit deposits. If a deposit is not received by the end of the 31 day grace period, participation will automatically end and cannot be reinstated.

Retirement

An individual may continue to submit FSA claims for reimbursement for services received prior to the date of retirement. An individual may elect to temporarily continue participation in the FSA Health Care Account for expenses incurred after the retirement date. Contributions for this period must be made on an after-tax basis and must be the same monthly amount that was being contributed prior to retirement.

ERISA Rights

Each participant in University sponsored benefit plans is entitled to certain rights and protections under the Individual Retirement Income Security Act of 1974 (ERISA), as amended. ERISA provides that all Plan participants will be entitled to:

- Examine, without charge, at the Plan Administrator's office, all Plan documents and copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports (if any) and Plan descriptions.
- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may impose a reasonable charge for the copies.

In addition to creating rights for participants, ERISA imposes duties upon the people who are responsible for the operation of individual benefit plans. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Plan participants and beneficiaries.

No one, including the employer or other person, may terminate an individual's employment or otherwise discriminate against the individual in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA.

If a claim is denied in whole or in part, an individual must receive a written explanation of the reason for the denial. He or she has the right to have the Plan Administrator review and reconsider the claim. Under ERISA, there are steps an individual can take to enforce these rights.

For instance, if an individual requests certain materials from the Plan and does not receive them within 30 days, he or she may file suit. In such a case, the court may require the Plan Administrator to provide the materials and pay the individual up to \$100 a day until he or she receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If an individual has a claim for a benefit plan which is denied or ignored, in whole or in part, he or she may file suit. If it should happen that Plan fiduciaries misuse the Plan's money (if benefits ever become funded), or if an individual is discriminated against for asserting his or her rights, he or she may seek assistance from the U.S. Department of Labor, or he or she may file suit. The court will decide who should pay court costs and legal fees. If the individual is successful, the court may order the person sued to pay these costs and fees.

If an individual loses, the court may order him or her to pay these costs and fees if, for example, it finds the claim frivolous. If an individual has questions about this Plan, he or she should contact the Plan Administrator.

If there are any questions about this statement or about an individual's rights under ERISA, he or she should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor. The Plan Administrator shall have the maximum authority.

Summary

Name of Plan: Northwestern University Flexible Spending Account Plan
Plan Number 512
Date Established April 1, 1985

Type of Plan

Fringe benefit Plan Year January 1 through December 31- FSA Dependent Care plan

Fringe benefit Plan Year January 1 through March 15th - FSA Health Care plan

Fringe benefit Plan Year January 1 through March 15th - FSA Limited Use Health Care plan

Plan Sponsor – Employer

Northwestern University
720 University Place
Evanston, IL 60208-1143
(847) 491-7513

Employer Identification Number: 36-2167817

Plan Administrator: Northwestern University
Benefits Division

Claim Administrator: PayFlex
www.payflex.com (800) 284-4885

Agent for Service of Legal Process Office of General Counsel

633 Clark Street
Evanston, IL 60208-1143

Contributions: Employer and individual paid