

FLEXIBLE SPENDING ACCOUNTS

Highlights of the Flexible Spending Accounts

The Flexible Spending Accounts (FSAs) provide you with an opportunity to set aside pre-tax dollars from your pay to cover eligible expenses. There are two accounts:

- The Health Care Flexible Spending Account.
- The Dependent Child/Elder Care Flexible Spending Account.

To help you understand how the accounts work, here is a brief overview:

- Permanent, full-time employees of the Company are eligible to participate in one or both of the accounts.
- You will determine how much to contribute to your account based on your estimated out-of-pocket health care and/or child/elder care expenses for the upcoming year. Federal law sets limitations regarding how much you may contribute to your account annually.
- Pre-tax dollars are then contributed to your accounts from your pay in equal installments throughout the year. When you have eligible expenses, you submit your claim for reimbursement from your account.
- Under government rules, any contributions to an FSA not used for qualified expenses during the applicable year and grace period must be forfeited. Current rules also require that you re-enroll during the open enrollment period prior to each calendar year you wish to participate in an FSA.

Once enrolled in either or both of the FSAs, you cannot change contributions during the plan year unless you have a qualified change in status.

FSA Administration

The Crown Insurance Department administers the Flexible Spending Accounts. Any questions about the FSAs should be directed to the Crown Insurance Department at 800-884-0227.

Coverage Under the FSAs

You may use your FSAs to cover eligible expenses for yourself, your spouse, or your dependents. A dependent must meet the dependent criteria for the applicable FSA as established by IRS rules.

Your spouse and dependents do not have to be covered by the Company Health Care Programs for their expenses to be eligible for reimbursement from the Health Care FSA.

If you are married, you and your spouse must be working or your spouse must be a full-time student or incapable of self-care in order to participate in the Dependent Care Account.

How the FSAs Work – At a Glance

	Health Care FSA	Child/Elder Care FSA
Amounts You Can Set Aside	\$52 - \$2,700	\$52 - \$5,000 (\$2,500 if married and filing separate tax returns)
To Be Eligible for Reimbursement, Expenses Must Be...	<ul style="list-style-type: none"> • Medically necessary. • For you, your spouse, and/or your other eligible dependents. • Not reimbursed, or only partially reimbursed, by any other plan. • Considered tax-deductible by the IRS. <p>See IRS Publication 502 for more information.</p>	<ul style="list-style-type: none"> • For care of children under age 13 • For care of a spouse, or other dependents physically or mentally incapable of self-care. • Fees for day care, baby-sitting, and housekeepers whose duties include child/elder care. • Fees for before- and after-school programs, provided the expenses are itemized separately from tuition expenses. <p>See IRS Publication 503 for more information.</p>
You are Reimbursed This Way...	Up to your calendar year election less any previous reimbursements.	Up to your current account balance.
These Special Rules Apply...	<ul style="list-style-type: none"> • Reimbursed expenses cannot also be claimed on your income tax return. 	<ul style="list-style-type: none"> • Reimbursed expenses lower the amount you can claim on the Federal Dependent Care Tax Credit. • Contributions may be limited depending on the employment status and income of your spouse.

See your Summary Plan Description book for full details about how the FSAs work.

ELIGIBLE/INELIGIBLE FLEXIBLE SPENDING ACCOUNT
REIMBURSEMENTS

HEALTH CARE EXPENSES

Eligible Health Care Expenses

The most common expenses that may qualify for reimbursement are listed below. **This is only a partial list.** For a more detailed list of eligible health care expenses, refer to IRS Publication 502, which can be obtained from the IRS at 800-829-3676 or www.irs.gov.

The below expenses must be medically necessary (or used to alleviate or treat personal injury or sickness) and either not reimbursed or only partially reimbursed by health care programs, including your spouse's or eligible dependent's plans.

- Acupuncture.
- Anesthesiologist's fees.
- Artificial limbs.
- Artificial teeth/dentures, braces, orthodontic devices.
- Assistance for the handicapped.
- Calendar year program deductibles.
- Christian Science Practitioner fees.
- Cost of a nurse's room and board if paid by the taxpayer when nurse's services qualify.
- Cost of Braille books and magazines in excess of cost of regular editions.
- Cost of guide for a blind person.
- Cost of note-taker for a deaf child in school.
- Costs above reasonable and customary.
- Crutches (purchased or rented).
- Dental care.
- Dermatologist's fees.
- Device for lifting handicapped person into an automobile.
- Doctor's fees.
- Excess cost of orthopedic shoes.
- Excess costs of specifically equipping automobile for handicapped person over cost of ordinary automobile.
- Expenses of services connected with donating an organ.
- Eyeglasses, contact lenses and insurance for lost or damaged contact lenses.
- Gynecologist's fees.

For a health care expense to qualify for reimbursement under the FSA Program, it must be considered tax deductible by the IRS.

A service or health care item must be prescribed by or provided by a health care professional (doctor, surgeon, dentist, private duty nurse, chiropractor, etc.) or an established health care facility (hospital, medical center, clinic, etc.) for reimbursement under the FSA Program.

- Hearing aids and batteries.
- Household visual alert system for deaf person.
- Legal fees directly related to mental commitment of mentally ill person.
- Legal sterilization.
- Medical, Dental, Vision Care, and Prescription Drug Programs coinsurance payments.
- Nursing services for care of a specific medical ailment.
- Obstetrical expenses.
- Optometrist's or ophthalmologist's fees.
- Oxygen equipment and oxygen used to relieve breathing problems that result from a medical condition.
- Physical therapy.
- Prescription drugs or insulin.
- Psychiatric care.
- Seeing-eye-dog (cost of buying, training, and maintaining).
- Services of chiropractors and osteopaths.
- Services of psychotherapists, psychiatrists, and psychologists.
- Social Security tax paid with respect to wages of a nurse when nurse's services qualify.
- Special devices, such as tape recorder and typewriter, for a blind person.
- Support hose (if medically necessary and prescribed by a health care professional).
- Surgical or diagnostic services.
- Therapy treatments.
- Treatment for alcoholism or drug dependency.
- Vaccinations.
- Wheelchair or autoette (cost of operating/maintaining).
- Wigs (where necessary to mental health of individual who loses hair because of disease).
- X-rays.

Ineligible Health Care Expenses

The most common expenses that are ineligible health care expenses are listed below. **This is only a partial list.** For a more detailed list of eligible health care expenses, refer to IRS Publication 502, which can be obtained from the IRS at 800-829-3676 or www.irs.gov.

- Any illegal treatment.
- Any portion of a premium charge which represents a tax.
- Cosmetic surgery (except for improving a deformity related to injury, a disfiguring disease,

or a congenital abnormality).

- Cost of illegal drugs.
- Cost of toiletries, cosmetics, and sundry items (e.g., soap, personal items, toothbrushes, etc.).
- Diaper service.
- Dietary supplements.
- Fees for exercise, athletic, or health club membership where there is no specifically prescribed health reason for needing membership.
- Insurance against loss of income, loss of life, limb or sight.
- Insurance for long-term care.
- Maternity clothes.
- Nursemaids or practical nurses who render general care for healthy infants.
- Physical treatments unrelated to a specific health problem (e.g., massage for general well-being).
- Tattoos and ear piercing.
- The cost of a weight loss program.
- Vitamins.
- Wigs, when not medically necessary for mental health.

DEPENDENT CARE EXPENSES

Eligible Dependent Care Expenses

You may be reimbursed from the Dependent Care Account for the expenses listed below.

This is only a partial list. For a more detailed list of eligible dependent care expenses, refer to IRS Publication 503, which can be obtained from the IRS at 800-829-3676 or www.irs.gov.

The below expenses must relate to the care of your child under age 13 or any other person you claim as a dependent on your federal tax return who is mentally and/or physically incapable of self-care. These individuals must depend on you for support and spend at least eight hours each day in your home.

- Costs of housekeepers whose duties include child or elder care.
- Fees for before-school and after-school day care programs, provided they are itemized separately from any tuition expenses.
- Fees for child care or adult care centers that comply with state and local regulations.
- Fees for people who care for an elderly or incapacitated dependent.
- Fees for preschool.
- The amount you pay relatives who care for your eligible dependents, as long as you do not claim them as dependents on your income tax return; in addition, payments to your child may be made only if that child is at least age 19, and not claimed as a dependent on your income tax return.
- What you pay babysitters inside or outside your home.

Ineligible Dependent Care Expenses

The following are examples of ineligible dependent care expenses. For a more detailed list of ineligible dependent care expenses, refer to IRS Publication 503, which can be obtained from the IRS at 800-829-3676 or www.irs.gov.

- Expenses for dependents you claim the Supplemental Young Child Credit.
- Expenses for which you use the Federal Dependent Care Tax Credit.
- Expenses for food, clothing, diapers, or education of a dependent (including kindergarten or higher grades).
- Expenses for overnight summer camps.
- Expenses for transportation between your house and the place where dependent care services are provided or to pick up a babysitter.
- Health care expenses (these are reimbursable only through the Health Care FSA).