

Summary Plan Description (SPD) for the New York City Flexible Spending Accounts (FSA) Program

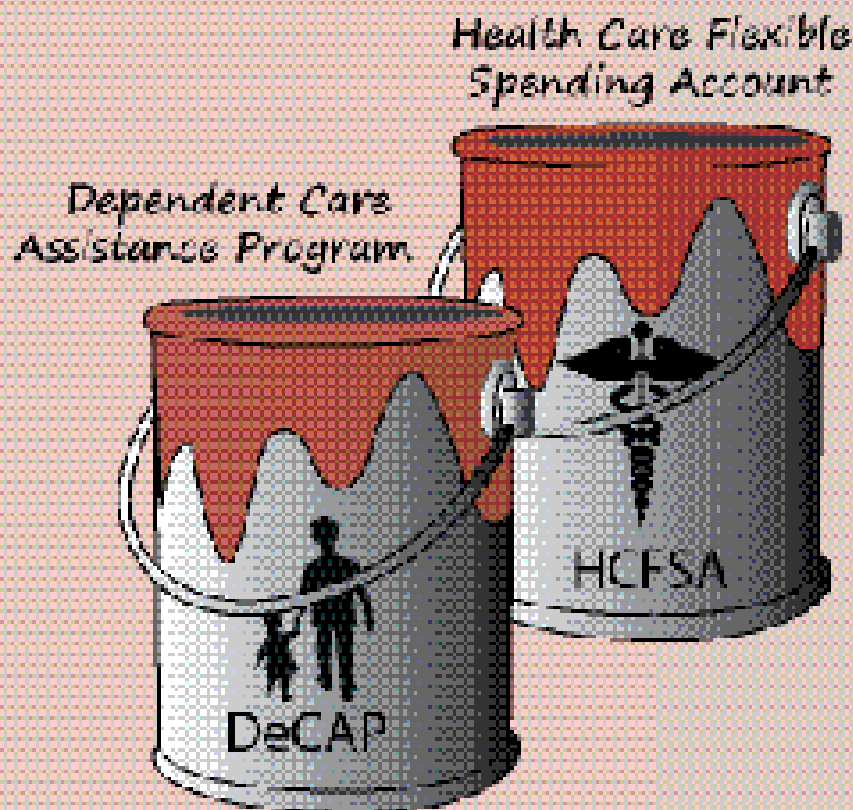


Table of Contents



Introduction _____	3
The Advantages of the HCFSA Program and DeCAP _____	3
Questions and Answers About the HCFSA Program and DeCAP _____	3
The HCFSA Program _____	4
HIPAA Rights (For the HCFSA Program Only) _____	9
DeCAP _____	10
DeCAP Reimbursement Versus the Federal Dependent Care Tax Credit _____	12
Claims and ERISA Rights _____	14
Administrative Information _____	15

This Summary Plan Description (SPD) briefly reviews and broadly describes the highlights of the Flexible Spending Accounts (FSA) Program which falls under Internal Revenue Code (IRC) Section 125. The material contained in this SPD is provided for informational purposes only and does not constitute a representation by the City of New York and Related Agencies and Instrumentalities (City of New York) as to results and benefits which might actually be received by any individual. All actions are wholly governed by applicable law, regulations and plan documents. The IRC, U.S. Department of the Treasury regulations and guidance, and the FSA Program Plan Documents are subject to change and may affect determinations made with respect to the FSA Program. The burden of proof is on the participant in the HCFSA Program/DeCAP to show that each health and dependent care expense is reimbursable under the FSA Program, as well as being reimbursable under all applicable laws (including the IRC).

Artwork by Adam Tarakhan

Summary Plan Description



Introduction

The City of New York, in recognizing the needs of its employees, many of whom incur medical, dental, vision, hearing and dependent care expenses, is pleased to offer the HCFSA Program and DeCAP. The HCFSA Program and DeCAP are ways to help pay for out-of-pocket health care and dependent care expenses, while reducing your taxable income.

Health care expenses can be costly. In most cases, health insurance does not cover all medical expenses. If your family is among those feeling overburdened by medical expenses in your budget, contributing to the HCFSA Program may be beneficial to you.

Dependent care expenses can also be costly when both parents must work to provide for their family's needs. In the single-parent household, it is virtually a requirement that the parent work full-time in order to make a living. If you are one of the many families overburdened by dependent care expenses, contributing to DeCAP may be beneficial to you.

The Advantages of the HCFSA Program and DeCAP

As an active employee of the City of New York participating in the HCFSA Program and/or DeCAP, you can set aside from \$260 for the HCFSA Program and \$500 for DeCAP, up to \$5,000 each on an annual basis, to pay for out-of-pocket health care and/or dependent care expenses. Contributions to your HCFSA Program and/or DeCAP accounts are made with before-tax dollars in equal installments every pay period, thereby reducing your taxable income.

The money you use to pay for eligible health care expenses and/or dependent care expenses is never subject to Federal income taxes or Social Security (FICA) taxes, resulting in an increase in your take-home pay. The degree of tax savings you can enjoy will depend on the amount of your contributions, your income, and your tax bracket.

Questions and Answers About the HCFSA Program and DeCAP

Who is eligible to enroll in the HCFSA Program and DeCAP?

Active City of New York employees covered by New York City health insurance and a) the Citywide contract, or b) the Management Benefits Fund, are eligible to enroll in the HCFSA Program and/or DeCAP. This includes the Mayoralty, Health and Hospitals Corporation (HHC), City University of New York (CUNY), Housing Authority, Department of Education (DOE), School Construction Authority, and the Queensborough and Brooklyn Public Libraries. (Employees of other cultural institutions, libraries and DOE charter schools may be offered HCFSA and DeCAP through their individual institutions.)



How do I enroll in these programs?

To participate in the HCFSA Program and/or DeCAP, you must complete a Plan Year 2012 FSA Program Enrollment/Change Form during the annual FSA Program Open Enrollment Period, from September 26, 2011 through November 18, 2011, for the effective date of January 1, 2012.

What happens if I don't enroll during the annual Open Enrollment Period?

If you do not enroll during the annual Open Enrollment Period, you will not be covered under the HCFSA Program and/or DeCAP and you will have to wait until the next Plan Year's annual FSA Program Open Enrollment Period before you are eligible to enroll, unless you experience a Qualifying Event as described on pages 4 and 10.

Do I need to re-enroll if I am currently in these programs?

Yes, you must re-enroll every year during the annual Open Enrollment Period because these programs are salary reduction programs. During the annual Open Enrollment Period, we will mail you a re-enrollment form with your previous year's information, and you may make any changes directly on the form. Your enrollment will take effect on January 1st of the following year, and remain in effect for the entire calendar year, unless you experience a Qualifying Event.

How do I join these programs as a newly eligible employee?

If you are a new hire during the Plan Year, you will become eligible to participate in the HCFSA Program and DeCAP when you become eligible to receive City of New York health benefits. To enroll, you must complete and submit an FSA Program Enrollment/Change Form within thirty (30) days after becoming eligible for City of New York health benefits.

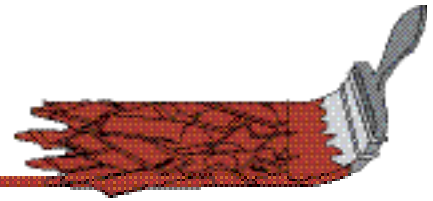
If my spouse’s employer has an HCFSA Program and/or DeCAP, am I still eligible to enroll?

Yes. You and your spouse can each participate in an HCFSA Program and/or DeCAP. However, you may not be reimbursed for the same expenses by more than one program.

Are there any costs associated with my participation in the HCFSA Program and/or DeCAP?

Yes. The HCFSA Program and DeCAP have a monthly administrative fee of up to \$4.00 for each program. These administrative fees will be deducted from your HCFSA and/or DeCAP account to cover the costs of program administration.

Health Care Flexible Spending Account Program



Questions and Answers About the HCFSA Program

Can I reduce my HCFSA election during the year?

No. Your HCFSA election cannot be reduced, terminated or revoked during the Plan Year, unless you terminate from employment with the City of New York. In this case, please refer to the section below entitled, “What happens to my HCFSA if I leave City of New York service?”

Can I increase my HCFSA election during the year?

Yes. You may increase your HCFSA election, but only when you add new dependents during the Plan Year. To add new dependents, you must incur a Qualifying Event. If you experience a Qualifying Event and want to add your new dependent(s) and/or increase the amount of your HCFSA election, you must submit an FSA Program Enrollment/Change Form and a Qualifying Event Mid-Year Change Form with proper documentation within thirty (30) days after your Qualifying Event.

What is a Qualifying Event and what changes can I make if I incur a Qualifying Event?

Generally, a Qualifying Event is a change in family or employment status.

Under the HCFSA Program, eligible Qualifying Events are:

- commencement of new employment;
- marriage;
- birth or adoption of a child;
- employee’s return from approved unpaid leave of absence (taken during the Open Enrollment Period); or
- termination of your employment with the City of New York.

For marriage or birth or adoption of a child during the mid-year, you may add the dependents within thirty (30) days after such an event. At this time, you may also increase your HCFSA contribution for the remainder of the Plan Year.

What happens to my HCFSA if I leave City of New York service?

If you terminate your employment with the City of New York, your participation in the HCFSA Program will cease as of your termination date. You may elect to continue participation in the HCFSA Program through the end of the Plan Year. If you elect HCFSA Continuation Coverage, you must fund the remainder of your HCFSA goal amount by selecting one of the following options:

- Remaining goal amount balance taken from your last paycheck; or
- Remaining goal amount balance pro-rated from your remaining paychecks; or
- Submitting the remaining goal amount balance on a post-tax basis either by lump sum or monthly installment payments.

If you elect to continue your coverage under the HCFSA Program and you fund your remaining goal amount, you may submit claims for expenses incurred after your termination date through the end of the Plan Year, including the Grace Period.

If you elect to discontinue your participation in the HCFSA Program due to your termination of employment and there is a positive balance in your account, you may only submit claims for expenses incurred prior to your date of termination. Claims submitted for expenses incurred after your date of termination will not be eligible for coverage under the HCFSA Program.

Unless requested prior to your date of termination, upon your termination from employment with the City of New York, you will receive a Continuation Coverage notice providing you with the option to continue your coverage under the HCFSA Program. This form must be completed and returned to the HCFSA administrator to continue your participation in the HCFSA Program.

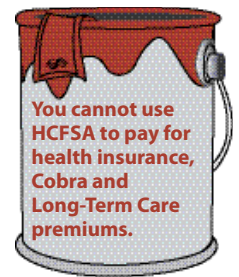
What happens to my HCFSA if I take an unpaid leave of absence?

If you take an unpaid leave of absence, you will have the option of submitting your HCFSA payments on a post-tax basis while on leave. Alternatively, once you return from leave, you may have your remaining HCFSA payments recalculated to include any missed contributions as long as it is within the payroll cut-off dates for the current Plan Year. You must notify the FSA Program Administrative Office in writing before you commence your leave of absence, and when you return to employment. In this case, you may submit claims for expenses incurred during your leave.

What types of expenses are eligible for reimbursement under HCFSA?

You can use the HCFSA Program to reimburse yourself for eligible health care expenses that were provided to you or your eligible health care recipient(s) and which meet the following criteria:

- the expense is incurred for an eligible medical service;
- the service is performed for an eligible health care recipient (defined below);
- the expense is eligible under the Internal Revenue Code (any expense defined by the Internal Revenue Service as a non-deductible expense for income tax purposes shall be ineligible for reimbursement under the HCFSA Program);
- the expense is medically necessary;
- the expense is not for purely cosmetic and general health reasons; and
- the expense was not reimbursed, will not be reimbursed, nor is reimbursable by your health insurance and/or your Welfare Fund, or through any other plan.



Who is an eligible health care recipient?

- The participant;
- The participant's spouse;
- The participant's children who are eligible for coverage under the City of New York health benefits (even if the participant does not enroll them); or
- The participant's children age 26 and younger and other family members, (including the participant's parents), who:
 - live with the participant as a member of his or her household;
 - rely on the participant for over one-half of the support in the tax year; and
 - do not file a joint tax return for Federal income tax purposes.

You must list each eligible dependent on your FSA Program Enrollment/Change Form. If you acquire a new dependent during the Plan Year, you must submit a new FSA Program Enrollment/Change Form with proper documentation within thirty (30) days after the date you acquire a new dependent. Dependents not listed on the FSA Program Enrollment/Change Form will not be covered by the HCFSA Program.

How do I deposit money into my HCFSA?

On the FSA Program Enrollment/Change Form, you will be asked to indicate the amount you wish to contribute for health care expenses for the year. These amounts will be deducted automatically from your paycheck in equal installments on a pre-tax basis. As an active employee, you may only make contributions through payroll deductions.

How do I get reimbursed for my health care expenses?

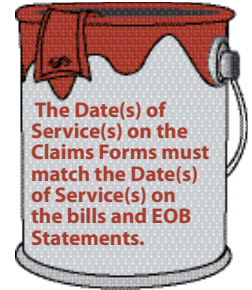
To be reimbursed for health care expenses, you must submit an HCFSA Program Claims Form and documentation to the HCFSA Program Administrative Office by the last day of the month so that it may be processed for that month. While expenses for any amount are reimbursable, you must accumulate claims totaling at least \$50 before submitting a Claims Form, unless you have less than \$50 remaining in your account.

No reimbursement can be made for an HCFSA Program claim prior to the services actually being provided. You will be sent check(s) or your reimbursement will be directly deposited into the bank account you indicate on your FSA Program Enrollment/Change Form, for the reimbursement of approved health care expenses received during a particular month by the close of the following month. Check(s) will not be made payable to the service provider or any other third party.

What information must be included on an HCFSA Program Claims Form?

The HCFSA Program Claims Form must:

- indicate the name of the person or persons receiving care on separate lines;
- include the type of service(s) and the amount of expenses incurred;
- state the name of the service provider;
- show the date(s) of service;
- indicate whether the claims are being submitted during the Plan Year or Grace Period;
- be accompanied by a bill and an Explanation of Benefits (EOB) statement from your health insurance carrier and/or Welfare Fund, if applicable;
- for over-the-counter (OTC) drugs, be accompanied by a copy of a doctor's prescription (other than insulin), an itemized receipt, or copy of a product box indicating the name of the drug; and
- be signed and dated by the participant.



How often may I submit HCFSA Program claims?

You may submit claims as necessary. There is no limit on the number of claims you can file during any single month. You may file a claim as long as you incur an eligible expense and do not exceed your benefit amount. (Note that while expenses for any amount are reimbursable, you must accumulate claims totaling at least \$50 before submitting a Claims Form, unless you have less than \$50 remaining in your account.)

What kind of OTC drugs are eligible for reimbursement under the HCFSA Program?

You may submit claims for any OTC drugs that cure, treat, prevent, or mitigate ailments. However, you must obtain a prescription from your doctor for these OTC drugs (other than insulin), and submit a copy of the prescription along with your receipt when submitting an HCFSA Program claim for these items. Cosmetic items, sundries and toiletries are not eligible. For example, aspirin and cold medicine with a prescription are eligible, but toothpaste and shampoo are not eligible, even with a prescription. Please keep in mind that alternative medicine, such as vitamins and supplements, are not eligible even if recommended by a physician. However, certain vitamins and supplements are eligible if prescribed by a physician. The HCFSA Program reserves the right to request documentation of medical necessity from your physician.

The table below shows examples of eligible and ineligible OTC expenses.

Over-the-Counter Items That Are No Longer Eligible Without a Prescription		Over-the-Counter Items That Will Remain Eligible	
- Acid controllers	- Anti-itch medicines	- Bandages	- Braces and supports
- Antihistamines	- Baby rash ointments/creams	- Contact lens supplies/solutions	- First aid supplies
- Cold sore remedies	- Cough medicines	- Insulin	- Reading glasses
- Digestive aids	- Laxatives	- Thermometers	- Walkers
- Motion sickness products	- Pain relievers	- Wheelchairs	
- Respiratory treatments	- Sleep aids		

How do I submit claims for OTC drugs under the HCFSA Program?

You must submit an HCFSA Claims Form and an itemized receipt for any and all OTC drugs, along with a prescription from your doctor.

Can I submit claims under the HCFSA Program in excess of the current balance in my account?

Yes. Under the HCFSA Program, the full amount of your election, reduced by any claims that have already been paid and the annual administrative fee (which will be a maximum of \$48), is always available for reimbursement of eligible claims, regardless of the current balance in your account.

If I receive payment from another HCFSA program, can I also be reimbursed from the City of New York's HCFSA Program for the same claim?

A claim may not be reimbursed for more than 100%. You can only submit a claim under the City of New York's HCFSA Program for the amount not covered by the other HCFSA Program.

Are my health care expenses that are reimbursed by the HCFSA Program also deductible under the Federal itemized deduction?

Health care expenses that are reimbursed from the HCFSA Program cannot be deductible under the Federal itemized deduction.

Once you have exhausted your goal amount, additional expenses that you incur can be deducted for Federal tax purposes, if certain requirements are satisfied.

To take advantage of the Federal tax deduction, you must itemize your deductions. In addition, your health care expenses must be greater than 7.5% of your Adjusted Gross Income. Please consult your tax advisor for detailed information.

Must I have paid my medical bill in order to be reimbursed under HCFSA?

You are not required to pay a medical bill to be reimbursed. As soon as you incur the expense and receive the Explanation of Benefits (EOB) statement from your or your eligible health care recipient's primary health insurance carrier and/or Welfare Fund, you may submit a claim.

What is the deadline for submitting HCFSA Program claims?

Plan Year 2012 ends on December 31, 2012. You may submit claims at any point during the Plan Year, as long as services were incurred. You have until May 31, 2013 to submit all claims for expenses incurred during Plan Year 2012, including the Grace Period. Any claims received after May 31, 2013 will not be processed.

What is the HCFSA Program Grace Period?

During the HCFSA Program Grace Period, you may submit claims for eligible services incurred from January 1, 2013 through March 15, 2013 using the remaining balance in your Plan Year 2012 account, if any.

Example: At the end of Plan Year 2012, you have \$300 remaining in your HCFSA account. You may submit claims for eligible medical expenses incurred from January 1, 2013 through March 15, 2013 to be reimbursed with the remaining \$300 in your account from Plan Year 2012.

For services incurred during the Grace Period, you have until May 31, 2013 to submit your claims.

HCFSA Program Time Line		
Plan Year:		January 1, 2012 – December 31, 2012
Grace Period:		January 1, 2013 – March 15, 2013
Claims Run-Out Period:		January 1, 2013 – May 31, 2013
If you do not submit claims for eligible expenses incurred during the Plan Year or the Grace Period by May 31, 2013, you will forfeit any money remaining in your HCFSA for Plan Year 2012.		

What if I do not use all the money I allocated to my HCFSA by the end of the Grace Period?

Because of the tax advantages afforded by the HCFSA, Federal regulations require that any unused amounts be forfeited by the end of the Grace Period. This is often referred to as the "Use It or Lose It"* rule. If you do not incur eligible expenses equal to the amount of the money you deposit into your HCFSA, you will forfeit any remaining balance in the account. IRS guidelines will not permit any remaining balance to be returned to you or carried forward into the next Plan Year, except during the Grace Period. Furthermore, if you also participate in DeCAP, the amount you allocate to the HCFSA Program cannot be transferred to DeCAP.

*The "Use It or Lose It" rule is the reason that we stress the importance of careful planning when you estimate your health care expenses for the year. The FSA Program Brochure includes an HCFSA Program worksheet to help you calculate your annual health care expenses. You may also visit the FSA Program Web site at nyc.gov/fsa to access the on-line savings calculator to estimate your potential savings.

What happens if I transfer to another City of New York agency?

In order to continue your HCFSA through payroll deductions, you must notify the FSA Program Administrative Office in writing within thirty (30) days prior to your transfer, provided your new agency is eligible to participate in the HCFSA Program.

Will participation in the HCFSA Program affect my pension?

No. Your contributions to the HCFSA Program will have no affect on your pension contributions or benefits.

Will participation in the HCFSA Program affect any of my other benefits?

Program participation will reduce your Social Security taxes and thereby reduce future Social Security benefits. The tax benefits of using these types of programs, however, usually outweigh the slight reduction, if any, in Social Security benefits.

Are amounts received from my HCFSA free from all taxes?

The HCFSA Program falls under Section 125 of the Internal Revenue Code (IRC) and reimbursements received are free from Federal and Social Security taxes. However, you must add back the amount that appears under IRC 125 on your Form W-2 for computing state and city taxes.

Who should I contact for additional information on the HCFSA Program?

If you have any questions and would like to speak to an FSA Program counselor, you may contact the FSA Program Administrative Office at 212-306-7760. FSA Program counselors are available to answer any questions Monday through Friday, 9:00 a.m. to 4:00 p.m. In-house counseling is by appointment only. You may also visit the FSA Program Web site at nyc.gov/fsa for program information and to send your questions via e-mail.

**HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) RIGHTS
(FOR THE HCFSA PROGRAM ONLY)**

THIS INFORMATION DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

The City of New York Health Care Flexible Spending Account Program (the "Plan") is required by law to take reasonable steps to ensure the privacy of your personally identifiable health information and to inform you about:

- The Plan's uses and disclosures of Protected Health Information (PHI);
- Your privacy rights with respect to your PHI;
- The Plan's duties with respect to your PHI;
- Your right to file a complaint with the Plan and to the Secretary of the U.S. Department of Health and Human Services; and
- The person or office to contact for further information about the Plan's privacy practices.

The term "Protected Health Information" (PHI) includes all individually identifiable health information transmitted or maintained by the Plan, regardless of form (oral, written, electronic).

1. You may request the Plan to restrict uses and disclosures of your PHI to carry out treatment, payment or health care operations, or to restrict uses and disclosures to family members, relatives, friends or other persons identified by you who are involved in your care. However, the Plan is not required to agree to your request.
2. You have a right to inspect and obtain a copy of your PHI contained in a "Designated Record Set," for as long as the Plan maintains the PHI. "Designated Record Set" includes the medical records and billing records about individuals maintained by or for a covered health provider; enrollment, payment, billing, claims adjudication and case or medical management record systems maintained by or for a health plan; or other information used in whole or in part by or for the covered entity to make decisions about individuals. Information used for quality control or peer review analyses and not used to make decisions about individuals is not in the Designated Record Set.
 - If access is denied, you or your personal representative will be provided with a written denial setting forth the basis for the denial, a description of how you may exercise those review rights and a description of how you may complain to the Secretary of the U.S. Department of Health and Human Services.
3. You have the right to request the Plan to amend your PHI or a record about you in a Designated Record Set for as long as the PHI is maintained in the Designated Record Set.
 - The Plan has 60 days after the request is made to act on the request. A single 30-day extension is allowed if the Plan is unable to comply with the deadline. If the request is denied in whole or in part, the Plan must provide you with a written denial that explains the basis for the denial. You or your personal representative may then submit a written statement disagreeing with the denial and have that statement included with any future disclosures of your PHI.
4. At your request, the Plan will also provide you with an accounting of disclosures by the Plan of your PHI during the six years prior to the date of your request. However, such accounting need not include PHI disclosures made: (1) to carry out treatment, payment or health care operations; (2) to individuals about their own PHI; (3) prior to the compliance date.
 - If the accounting cannot be provided within 60 days, an additional 30 days is allowed if the individual is given a written statement of the reasons for the delay and the date by which the accounting will be provided.
5. You may exercise your rights through a personal representative. Your personal representative will be required to produce evidence of his/her authority to act on your behalf before that person will be given access to your PHI or allowed to take any action for you. Proof of such authority may take one of the following forms:
 - A power of attorney for health care purposes, notarized by a notary public;
 - A court order of appointment of the person as the conservator or guardian of the individual; or
 - An individual who is the parent of a minor child.

The Plan retains the discretion to deny access to your PHI to a personal representative to provide protection to those vulnerable people who depend on others to exercise their rights under these rules and who may be subject to abuse or neglect. This also applies to personal representatives of minors.

If you believe that your privacy rights have been violated or would like to request any of the information listed above, you may contact the Plan in care of the following officer: HIPAA Compliance Officer, 40 Rector Street, 3rd Floor, New York, NY 10006.

You may also file a complaint with the Secretary of the U.S. Department of Health and Human Services, Hubert H. Humphrey Building, 200 Independence Avenue S.W., Washington, D.C. 20201.



Questions and Answers About DeCAP

Can my spouse and I each use the \$5,000 limit for DeCAP?

No. There is a \$5,000 combined limit on dependent care expenses that may be reimbursed each Plan Year. If you are married and file separate tax returns, the DeCAP limit is \$2,500 each.

Can I reduce my DeCAP election during the year?

Yes. You may reduce the amount of your annual election to your DeCAP account if you incur a Qualifying Event. You must submit an FSA Program Enrollment/Change Form and supporting documentation within thirty (30) days after the Qualifying Event's occurrence.

Can I increase my DeCAP election during the year?

Yes. You may increase your DeCAP election consistent with your Qualifying Event. You must submit an FSA Program Enrollment/Change Form with proper documentation within thirty (30) days after the event in order to increase your goal amount.

What is a Qualifying Event and what changes can I make if I incur a Qualifying Event?

Generally, a Qualifying Event is a change in family or employment status.

Qualifying Events under DeCAP only include:

- divorce or annulment;
- death of a spouse or dependent;
- ineligibility of a dependent;
- termination of employment of participant;
- beginning or termination of employment of participant's spouse;
- changing from part-time to full-time employment, or vice-versa, by participant or participant's spouse; and
- taking an approved unpaid leave of absence by participant or participant's spouse.

For birth or adoption of a child during the mid-year, you may add the dependent(s) within thirty (30) days after such an event. At this time, you may also increase your contribution for the remainder of the Plan Year.

What happens to my DeCAP account if I leave City of New York service?

Your participation in DeCAP will cease as of the last day of your employment. Any remaining balance in your account will be eligible for reimbursement upon receipt of a valid claim incurred prior to your date of termination.

Can I submit claims for DeCAP while I am on a leave of absence?

No, in order to submit claims for reimbursement from your DeCAP account, you must be actively at work or a full-time student. However, you may terminate from the program or decrease your annual contribution within thirty (30) days after the commencement of your leave.

What types of expenses are eligible under DeCAP?

You may use your DeCAP account to pay for expenses that meet the following qualifications:

The services are performed to enable you and, if you are married, your spouse to remain gainfully employed or full-time students. Dependent care expenses incurred while you are not working (sick leave, vacation, maternity leave, off hours, etc.) or not a full-time student are not eligible for reimbursement under DeCAP.

The services are for a dependent child claimed on your tax return who is under the age of thirteen (13). For example, if your child will be thirteen (13) on July 1, plan to set aside only the amount needed for January 1 through June 30.

The services are for your spouse who is mentally or physically incapable of self care and lives with you for more than one-half of the year.

The services are provided for any individual who is physically or mentally incapable of self care, lives with you for more than one-half the year and is your dependent or could be claimed as your dependent except, 1) his or her gross income exceeds the amount of the personal exemption for the current year, 2) he or she filed a joint return, or 3) you or your spouse could be claimed as a dependent on someone else's Federal tax return.

Who can provide the dependent care services?

Dependent care services must be provided by a Qualifying Caregiver.

A Qualifying Caregiver is any person who is:

- not your spouse;
- not your dependent; or
- not your child or your spouse's child, unless he/she has attained the age of nineteen (19) as of the close of the Plan Year in which the services were provided.

Services may also be provided by a Qualifying Day Care Center. These are licensed nursery schools, preschools, day camps (not overnight camps), and child care centers which provide day care.

The day care center must:

- comply with all applicable laws and regulations of the state, city, town, or village in which it is located;
- provide care for more than six (6) individuals (other than individuals who reside at the day care center);
- receive a fee, payment, or grant for any of the individuals to whom it provides services (whether facility is profit or non-profit); and
- not be primarily for the purpose of education.

How do I deposit money into my DeCAP account?

On the FSA Program Enrollment/Change Form, you will be asked to indicate the amount you wish to contribute for dependent care expenses for the year. These amounts will be deducted automatically from your paycheck in equal installments on a pre-tax basis. As an active employee, you may only make contributions through payroll deductions.

What happens to my DeCAP account if I take a paid or unpaid leave of absence?

You are not eligible to continue participation in DeCAP since you are not actively at work. You must contact the FSA Program Administrative Office to terminate your participation in DeCAP, as well as your payroll deductions. If you miss any payroll deductions while you are on unpaid leave of absence, deductions cannot be recalculated when you return. In order to resume your regular deductions, you must notify the FSA Program Administrative Office upon your return to payroll.

How do I get reimbursed for my dependent care expenses?

To be reimbursed for dependent care expenses, you must submit a DeCAP Claims Form to the FSA Program Administrative Office by the last day of the month so that it may be processed for that month. In order to be reimbursed, the Claims Form must be signed by your Qualifying Caregiver or Qualifying Day Care Center. The form must include the applicable Social Security Number or Federal Tax Identification Number, the name of the person who or institution that provided the service(s), the amount of payment(s) and the date(s) services were performed. You are not required to submit cancelled checks, payment receipts or invoices.

No reimbursement can be made for DeCAP prior to the services actually being provided. You will be sent a check or reimbursement will be directly deposited into the bank account you indicate on your FSA Program Enrollment/Change Form, for the reimbursement of approved dependent care expenses received during a particular month by the close of the following month. Check(s) will not be made payable to the service provider or any other third party.

What information must be included on a DeCAP Claims Form?

The DeCAP Claims Form must:

- indicate the name of the person or persons receiving care;
- include the type of service(s) and the amount of expenses incurred;
- state the name of the service provider;
- show the date(s) of service;

- show the Federal Tax Identification or Social Security Number of the provider;
- be signed and dated by the provider; and
- be signed and dated by the participant.

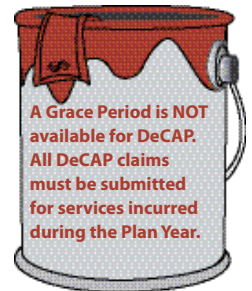
How often may I submit claims for DeCAP?

You may submit claims as necessary. There is no limit on the number of claims you can file during any single month. You may file a claim as long as it is at least \$50, unless you have less than \$50 remaining in your account, and it is for an eligible expense that does not exceed your benefit amount.

What is the deadline for submitting DeCAP claims for a Plan Year?

For DeCAP only, in the event that you are unable to submit claims by the end of the Plan Year, a DeCAP Claims Run-Out Period is provided until February 28, 2013 to submit claims for services performed during Plan Year 2012.

DeCAP Claims Run-Out Period		
Plan Year:		January 1, 2012 – December 31, 2012
Claims Run-Out Period:		January 1, 2013 – February 28, 2013
If you do not submit claims for eligible expenses incurred during the Plan Year by February 28, 2013, you will forfeit any money remaining in your DeCAP account for Plan Year 2012.		



What if I do not use all the money I allocated to my DeCAP account by the end of the Plan Year?

Because of the tax advantages afforded by DeCAP, Federal regulations require that any unused amounts be forfeited. This is often referred to as the “Use It or Lose It” rule. If you deposit pre-tax dollars into your DeCAP account and do not incur eligible expenses equal to the amount of money you deposit into your DeCAP account, you will forfeit any remaining balance in the account. IRS guidelines will not permit any remaining balance to be returned to you or carried forward into the next Plan Year. Furthermore, if you also participate in the HCFSA Program, the amount you allocate to DeCAP cannot be transferred to the HCFSA Program.

*The “Use It or Lose It” rule is the reason we stress the importance of careful planning when you estimate your dependent care expenses for the year. The FSA Program Brochure includes a DeCAP worksheet to help you calculate your annual dependent care expenses. You may also visit the FSA Program Web site at nyc.gov/fsa to access the on-line savings calculator to estimate your potential savings.

What happens if I transfer to another City of New York agency?

In order to continue your DeCAP through payroll deductions, you must notify the FSA Program Administrative Office in writing within thirty (30) days prior to your transfer.

Will participation in DeCAP affect my pension?

No. Your contributions to DeCAP will have no affect on your pension contributions or benefits.

Will participation in DeCAP affect any of my other benefits?

Program participation will reduce your Social Security taxes and thereby reduce future Social Security benefits. The tax benefits of using these types of programs, however, usually outweigh the slight reduction in Social Security benefits.

Are amounts received from my DeCAP account free from all taxes?

DeCAP falls under IRC Section 125 and reimbursements received are free from Federal and Social Security taxes. However, you must add back the amount that appears under IRC 125 on your Form W-2, Box 10 and Box 14 for computing state and city taxes.

If I am a participant in DeCAP, is there any other form that I must file with the 1040?

Yes. You must complete Form 2441 “Child Dependent Care Expenses.”

Can I enroll in DeCAP and also take advantage of the Federal Dependent Care Tax Credit?

Before deciding whether to allocate money to DeCAP for dependent care reimbursement, it is important to consider the Federal tax credit available to people who use dependent care services.

You must choose between having dependent care bills reimbursed through your DeCAP account on a monthly basis or using those expenses to apply for a Federal Dependent Care Tax Credit when you file your Federal income tax return. Although you are permitted by law to use the Federal Dependent Care Tax Credit and/or the DeCAP account, you cannot apply the same expenses to receive both the Federal Dependent Care Tax Credit and a dependent care reimbursement through your DeCAP account. Under the Federal Dependent Care Tax Credit, eligible expenses are limited to an annual maximum of \$3,000 for one dependent or \$6,000 for two or more dependents. DeCAP eligible expenses are limited to an annual maximum of \$5,000 for one or more dependents.

Keep in mind that you can use the Federal Dependent Care Tax Credit instead of DeCAP if you believe it would save you more in taxes. However, payments received through DeCAP will reduce, dollar for dollar, amounts that can be considered for a tax credit and vice versa.

When deciding between using the Federal Dependent Care Tax Credit or DeCAP, you should note that if you participate in DeCAP and it covers all of your dependent care expenses, you are not eligible for the New York State tax credit for dependent care expenses.

You must determine whether reimbursing dependent care expenses from a DeCAP account or using the Federal Dependent Care Tax Credit is more advantageous to you, depending on your individual tax status. The basic purpose of the Federal Dependent Care Tax Credit and DeCAP is to help pay for dependent care expenses when you and your spouse must work or attend school full-time. Please contact your tax advisor for additional information.

The Flexible Spending Accounts (FSA) Program Brochure provides a guide with examples and worksheets for employees to use when deciding whether to join DeCAP or use the Federal Dependent Care Tax Credit.

Who should I contact for additional information on DeCAP?

If you have any questions and would like to speak to an FSA Program counselor, you may contact the FSA Program Administrative Office at 212-306-7760. FSA Program counselors are available to answer any questions Monday through Friday, 9:00 a.m. to 4:00 p.m. In-house counseling is by appointment only. You may also visit the FSA Program Web site at nyc.gov/fsa for program information and to send your questions via e-mail.

CLAIMS AND ERISA RIGHTS

Claims Forms are available through the FSA Administrative Office and must be filed along with documentation (for the HCFSFA Program only) supporting your claim(s).

A written notice will be provided to any participant or beneficiary whose claim for any benefit is denied. This notice shall include the reason for denial, with reference to the specific plan provision that pertains to the situation.

You are entitled to request a review of any claim that has been denied. The review will be made within a reasonable period of time not to exceed 60 days or, if a hearing is required, 120 days from the date of the request.

Request for review of claims that have been denied should be directed to:

The City of New York
Office of Labor Relations
Tax-Favored Benefits Program
40 Rector Street, 3rd Floor
New York, NY 10006-1705

Any legal process should be served on the Plan Administrator of the FSA Program at the same location.

As a participant in the City of New York and Related Agencies and Instrumentalities FSA Program, you may be entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 (ERISA).

ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the Plan Administrator's Office and the Benefits Department, all Plan Documents, and copies of all other documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and Plan descriptions.
- Obtain copies of all Plan Documents and other Plan information upon written request to the Plan Administrator who may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of the summary annual report.

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

No one may terminate your employment or otherwise discriminate against you in any way to prevent you from obtaining Plan benefits or exercising your rights under ERISA.

If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within thirty (30) days, you may require the Plan Administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits, which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about your Plan that are not handled satisfactorily by your Benefits Department, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest area office of the U.S. Labor-Management Services Administration, Department of Labor.

ADMINISTRATIVE INFORMATION

Plan Name: The City of New York and Related Agencies and Instrumentalities Health Care Flexible Spending Account and Dependent Care Assistance Program

Plan Type: A Health Care Flexible Spending Account, intended to qualify under Sections 125 and 105 of the Internal Revenue Code. A Dependent Care Assistance Program, intended to qualify under Sections 125 and 129 of the Internal Revenue Code. Both Plans are self-administered.

Effective Date: January 1, 1994 for the Health Care Flexible Spending Account and July 1, 1992 for the Dependent Care Assistance Program

Plan Year: January 1, 2012 through December 31, 2012

Enrollment Period: September 26, 2011 through November 18, 2011

Plan Administrator: The City of New York
Office of Labor Relations
Tax-Favored Benefits Program
40 Rector Street, 3rd Floor
New York, NY 10006-1705
(212) 306-7760

Plan Number: 504 for the Health Care Flexible Spending Account and 503 for the Dependent Care Assistance Program

Employer ID Number: 13-6400434

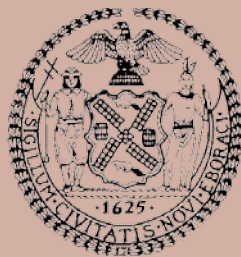
Future of the Plan: The City of New York intends to continue this Plan indefinitely, but reserves the right to modify, suspend, or terminate this Plan at any time.

Employment Rights: This Plan is not an employment contract. The City of New York reserves the right to hire, promote and/or terminate the employment of any person based on business needs, which are determined at the sole discretion of the City.

Participating Employers: The City of New York, the City University of New York, the New York City Health and Hospitals Corporation, the New York City Housing Authority, the New York City School Construction Authority, the Queensborough Public Library, the Brooklyn Public Library and the New York City Department of Education.

Summary Plan Description: This SPD is intended to outline the terms of coverage available to you. The complete terms of this Plan are set forth in the Plan Document. Every effort has been made to make this Summary as accurate as possible. In the event that anything described in this SPD is in conflict with the Plan Document, the Plan Document will prevail.

Agent for Service of Legal Process: The FSA Program Plan Administrator



City of New York
Office of Labor Relations
Employee Benefits Program - Tax-Favored Benefits
40 Rector Street, 3rd Floor, New York, NY 10006
212-306-7760
TTY 212-306-7629
nyc.gov/fsa