



**IN-SCOPE FACULTY
FLEXIBLE SPENDING PROGRAM**

TERMS OF REFERENCE

Purpose

The Flexible Spending Program provides additional health and wellness benefits for members through two separate spending accounts:

- **The Health Spending Account (HSA)** provides reimbursement for qualifying health and dental expenses for eligible members and their dependents for claims that have not been reimbursed by the extended health or dental plans. Benefits paid by the Health Spending Account are considered non-taxable.
- **The Personal Spending Account (PSA)** provides reimbursement for eligible expenses that promote the wellness of members of Faculty Association bargaining unit through physical fitness activities that have been shown to contribute to reduce absenteeism and reduce the cost of health benefits. Benefits paid by the Personal Spending Account are considered taxable.

Both the HSA and PSA are administered by Sun Life Financial according to their respective plan summaries.

Eligibility

Members of the University of Saskatchewan Faculty Association who work at least half time, or who are in a term appointment of at least four months, and are enrolled in the Extended Health Benefit Program are eligible for the Flexible Spending Program.

Members must also be a resident of Canada and eligible for provincial government health care benefits.

Effective Date

Coverage under the Flexible Spending Program for eligible faculty members, will take effect as of the date of enrollment in the Extended Health Benefit Program.

Benefit Period

The benefit period is the calendar year, January 1 to December 31.

Transition Year

To transition the Flexible Spending Program plan year to January 1 – December 31, all eligible employees will receive an allotment of \$1,000 effective July 1, 2012. This allotment will be accessible until December 31, 2014.

There will be no allotment for the 2013 year. Employees will once again be provided an allotment of \$500 effective January 1, 2014.

Credit Funding

A contribution (total credit allocation) in the amount of \$500 per eligible member per benefit year is made by the University of Saskatchewan to the Flexible Spending Program. Annual credit amounts are not pro-rated and plan members receive the full credit amount on the effective date of coverage.

Credit Allocation

Eligible plan members may choose, on an annual basis, to allocate the \$500 in total credits between the HSA and the PSA or designate the full amount to one account.

Human Resources will notify eligible in-scope faculty members of the requirement to allocate their funds between accounts, or to one account online (through PAWS) before December 31 of each year. Credit allocations between accounts cannot be changed after December 31 of that year.

If no allocation choice is made by December 31, the \$500 credit allocation amount will be distributed in the same manner as the member selected in the previous year. New plan members who do not make an allocation choice, will have the full \$500 credited to the HSA.

Carry Forward Credit Accrual

If the member's HSA and/or PSA reach a zero balance at any time during the benefit year, further expenses cannot be carried forward. If there is a credit remaining in either account at the end of the plan year, it can be carried forward to the next benefit year only.

Any unused credit amounts are forfeited by the member and revert back to the University of Saskatchewan.

Continuation

The Flexible Spending Program is in effect while a member is actively at work and occupies an eligible position. If a member is on an approved leave of absence and has

continued health benefits, the member's eligibility for the Flexible Spending Program will continue. If a member is on an unpaid leave of absence on January 1, they will receive their new allocation upon their return to work.

Termination:

The Flexible Spending Program will cease in the event of:

- a member's employment termination,
- a member's retirement,
- a member's death,
- a change in a member's eligibility,
- the member does not maintain health coverage while on leave, or
- the program termination.

Any unused credit amounts are forfeited by the member and revert back to the University of Saskatchewan. Eligible claims incurred prior to employment terminating must be submitted within 90 days of the date of termination.

Taxation

Any amounts reimbursed under the HSA are considered non-taxable benefits to the eligible member.

Under the University of Saskatchewan's interpretation of *The Income Tax Act*, amounts reimbursed from the PSA are considered taxable benefits to the eligible member.

Claim Procedures

All claims must be received by Sun Life Financial within 90 days of the end of the calendar year in which the expense was incurred. Expenses incurred prior to employment terminating (as defined under Termination of Coverage section in this summary) must be submitted within 90 days of termination.

Health Spending Account

Sun Life Financial will provide reimbursement for eligible non-taxable health and dental expenses as defined in the underlying policy. Claim procedures for the HSA are detailed in the plan summary on Human Resources' website.

Personal Spending Account

Sun Life Financial will provide reimbursement for eligible expenses incurred by an eligible member as defined in the underlying policy. Claim procedures for the PSA are detailed in the plan summary on Human Resources' website.