P&A GROUP
EST. 1975

Use pre-tax dollars on eligible expenses and increase your take-home pay!

Flexible Spending Account

padmin.com | (716) 852-2611

FSA Glossary

Annual Election Amount
The total dollar amount you elect to put into your FSA at the beginning of each plan year.

Dependent
A person whose expenses are eligible for reimbursement through the employee's FSA. A dependent includes any child of a participant whose 27th birthday will not have occurred by the last day of the current calendar year.

Eligible Expense
Items that are reimbursable under the FSA plan are classified as "eligible expenses" according to IRS rules. For a detailed list of what is eligible, please refer to page 10.

FICA
Taxes collected for Social Security or Medicare benefits.

Flexible Spending Account (FSA)
A pre-tax benefit that enables participants to save approximately 30% - 40% on eligible expenses. By enrolling in this plan, you save on state, federal and FICA taxes. (State tax savings do not apply to New Jersey residents.)

Grace Period
An employer-chosen provision that gives you two and a half months after the end of the plan year to incur eligible expenses, as long as you are actively enrolled as of the last day of the plan year.

Health FSA Carry Forward
An employer-chosen provision allowing unused Health FSA funds to carry forward into the next plan year. For 2026, the IRS permitted carry forward maximum is $680. The increase will be indexed in future years.

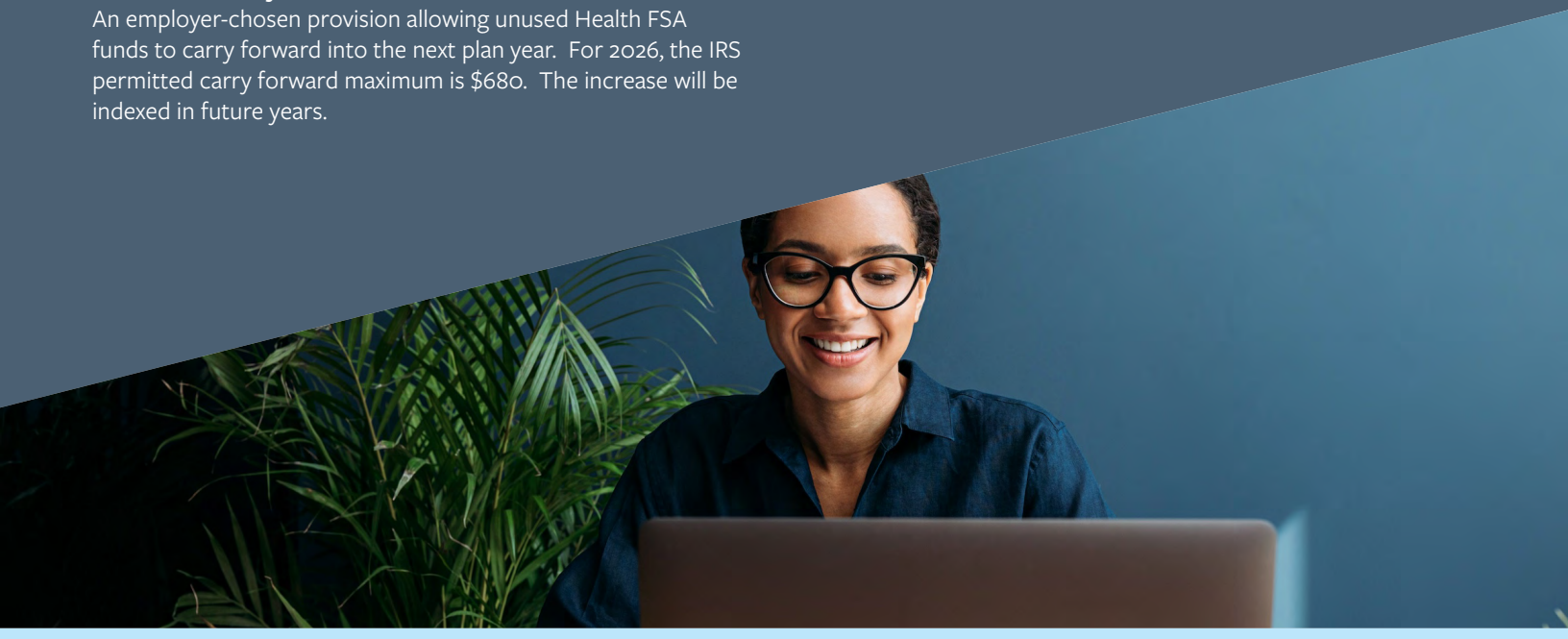
Open Enrollment
A designated time, prior to the start of the plan year, during which employees can enroll in the FSA as well as change their benefit elections.

Plan Year
Typically, a twelve month period during which the annual election is effective.

Run-Out Period
A period of time after the plan year ends when participants can submit claims for reimbursement of expenses that were incurred during the plan year and grace period (if applicable).

Uniform Coverage Rule
A rule that allows you to access your entire annual election for the Health FSA immediately after the start of the plan year. All other accounts are "pay-as-you-go." This rule only applies for the Health FSA.

Use or Lose Rule
Participants must spend their FSA balance by the end of the plan year (and grace period, if applicable) or forfeit it. If your plan offers the carry forward provision, then any amount over the carry forward limit will be forfeited at the end of the plan year.



Getting Started

FSAs are designed to cut predictable costs while increasing your take-home pay. Maximize your money by taking advantage of this benefit and alleviate high out-of-pocket expenses!

Pro Tip

Use P&A's online FSA calculator to calculate estimated annual expenses and see approximately how much you can save.

Visit padmin.com/tools/fsa-calculator.

WHY ENROLL IN AN FSA

With an FSA, you can use pre-tax dollars to help offset the cost of out-of-pocket healthcare, dental and vision expenses. You can also use the account to reimburse eligible childcare expenses. Please see page 10 for a sample list of eligible expenses.

WHOSE EXPENSES ARE ELIGIBLE?

An FSA can be used for a participant's spouse or dependent(s) under the age of 27. If you're unsure if a person qualifies as an eligible dependent, please contact P&A Group.

ENROLLMENT

Before you enroll, determine the amount of predictable eligible expenses you anticipate on having over the year. Divide the total by the number of pay periods you have in a year, and that will determine the amount that is deducted from your paycheck pre-tax.

Bi-Weekly Payroll Example	
Total Estimated Eligible Expenses	$650
Bi-weekly Payroll	26 paychecks
$650/26 paychecks =	a deduction of $25 per paycheck

Weekly Payroll Example	
Total Estimated Eligible Expenses	$650
Weekly Payroll	52 paychecks
$650/52 paychecks =	a deduction of $12.50 per paycheck

When you enroll in the FSA plan, you lower your taxable income on your W-2; therefore, you pay less in taxes and increase your spendable income. By using the pre-tax money you contributed to the FSA, you can save up to 30% - 40% on those expenses, depending on your tax bracket.

Enrollment Information

WHEN CAN I ENROLL?

Participants can enroll in an FSA during Open Enrollment. This is the period of time determined by the employer when employees can elect their benefits and decide how much to contribute to an FSA throughout the upcoming year.

MAY I CHANGE MY BENEFIT ELECTION?

You may only make a change in your election(s) during Open Enrollment. This means you may not make a change in your election(s) after the Open Enrollment period unless you experience a qualifying event, which includes:

- A change in legal status (marriage, death of your spouse, divorce, legal separation or annulment);
- A change in the number of your dependents due to events such as birth or adoption; and,
- A termination or commencement of employment by your spouse or dependent.

Mid-year election changes are permitted to the extent allowed by IRS regulations. Changes must be requested within 30 days of the qualifying event.

Use or Lose Rule

Under IRS guidelines, if you contribute money to a reimbursement account and do not use all of the money you deposit, you will lose any remaining balance in the account at the end of the year. Only contribute money you are confident you will use to pay for eligible expenses during the plan year!

If your employer selects the option to add the grace period provision or Health FSA carry forward provision, the "use or lose" rule will be modified. Please check your Summary Plan Description (SPD) for details specific to your plan.

Pro Tip

Remember, unless you experience one of the limited circumstances allowing for election changes during the Plan Year, you will not be able to reduce or increase your contribution amounts, nor will you be able to transfer amounts from one account to the other. Please plan carefully before you enroll in this plan!

Will My Social Security Benefits Be Affected by My Contributions to the Plan?

Your Social Security benefits may be slightly reduced because when your pay is reduced to cover your benefits under the Plan, the amount of contributions that are made to the federal Social Security system to provide you Social Security benefits are also reduced. However, for most employees, the reduction in Social Security benefits will be insignificant compared to the value of paying lower taxes today.

Tax-Savings Example

Whether you're an individual, part of a dual-income household or a couple with one working spouse, a Flexible Spending Account will provide you with additional benefits and more take-home pay. See the below examples of how an FSA can save you money throughout the year.

INDIVIDUAL

In this example, the individual employee earns $42,000. She uses her FSA to pay for her co-pays, deductibles and vision expenses. By enrolling in an FSA, she increases her take-home pay by $456. That's additional money she can use for other expenses!

WORKING COUPLE WITH DEPENDENTS

This couple both work. They have two children and make a total combined income of $114,000. They use the FSA plan to help pay for orthodontia as well as child care for their younger child. The chart shows that this couple increases their monthly take-home pay by $185 or $2,220 for the year by participating in an FSA. That gives them additional money for emergency expenses every family has and allows them to set aside some money to fund an additional retirement plan.

COUPLE - ONE WORKING SPOUSE

With grown children and only one working spouse, this couple has no child care expenses. With an annual salary of $90,000, they use the FSA to meet their health insurance deductibles and to pay for dental care expenses. By participating in an FSA, they increase their take-home pay by $612 - a nice raise for the family budget!

Monthly Amount	Individual*		Working Couple With Dependents**		Couple- One Working Spouse***	
	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA
Gross Income	$3,500	$3,500	$9,500	$9,500	$7,500	$7,500
Less Non-Deductible Benefits						
Medical/Dental Expenses		$150		$300		$200
Child Care Expenses				$400		
Total Income Subject to Tax	$3,500	$3,350	$9,500	$8,800	$7,500	$7,300
Federal & State Taxes*	$397	$371	$842	$711	$483	$448
Social Security & Medicare Taxes	$268	$256	$727	$673	$574	$558
After Tax Income	$2,835	$2,723	$7,931	$7,416	$6,443	$6,294
After Tax Expenses						
Medical/Dental Expenses	$150		$300		$200	
Child Care Expenses			$400			
Spendable Income	$2,685	$2,723	$7,231	$7,416	$6,243	$6,294
Increase in Take-Home Pay		$38		$185		$51
Total Increase in Pay Annually		**$456**		**$2,220**		**$612**

**Federal and state taxes reflect 2024 federal tax rates and typical state taxes with standard deductions and exemptions.*
***Working couple assumes married filing jointly, with two children under age 13 for which eligible child care expenses are incurred.*
****Couple with one working spouse assumes married filing jointly.*

Account Options

Simplify your life and save money with an FSA. We offer a few types of accounts to help you manage specific expenses.

HEALTH FSA

Enroll in a Health FSA to save money on medical, dental and vision expenses for you and your eligible dependents that are only partially covered or not covered at all by insurance.

Eligible expenses include:

- braces
- eyeglasses/prescription sunglasses
- insurance deductibles, co-pays
- OTC medications

When you enroll in a Health FSA, all the money you choose to contribute for the year is available to you right away, on the first day of your plan year. You can get reimbursed for your claims up to that full amount, even if you haven't contributed all of it through your pay yet. This "up-front" availability is special to the Health FSA; other accounts build up your funds with each paycheck.

DEPENDENT CARE ASSISTANCE FSA

Set aside money into this account to pay for dependent care expenses. See page 15 for details on eligible dependents. Childcare expenses are only eligible until the date your dependent child turns 13.

Eligible expenses include:

- after school programs
- babysitters
- caregivers/eldercare
- daycare centers
- nursery schools

Benefits Card

P&A Group offers a Benefits MasterCard to participating employers who choose this option for the plan. Use your P&A Benefits Card to pay for eligible expenses with the swipe of your card!

How to Use Your Benefits Card

1. When you have an eligible expense, simply swipe your Benefits Card to pay the provider.
2. The expense is automatically deducted from your FSA balance.
3. After your purchase is made, please save a copy of your receipt in case P&A requests supporting documentation to verify your expense is eligible.

- The Benefits Card works like a debit card. Use the card and your funds are automatically deducted from your account.
- Your card is activated automatically the first time you use it.
- The Benefits Card cannot be used at an ATM to withdraw cash.
- Order additional or replacement cards at no cost.

Your card is valid for three years from the issue date. We'll automatically send a replacement to your home address in a plain white envelope when it's time for a new one.

Need cards for family members? You can order additional cards for your spouse or eligible dependents (age 18+).

Order a Benefits Card for Your Spouse or Dependent

It's easy! Order online or through our mobile app. You can also report a card lost or stolen.

Online: Log into your account at padmin.com, then select **Benefits Card Order Form** under **Quick Links**.

Mobile App: Open P&A's MyBenefits app, log in and tap **Cards** from the main menu.

How to Submit a Claim

Easily get reimbursed for your eligible expenses when you submit a claim. You can submit claims for qualified expenses throughout the plan year, or during the run-out period after the plan year ends. Discover the convenient claim submission options outlined below.

1 UPLOAD A CLAIM*

Log into your account at padmin.com from your device and select **Upload Claim/Documentation** under Quick Links or Member Tools. Follow the prompts on your screen.

2 USE MYBENEFITS MOBILE APP*

Download P&A's MyBenefits mobile app from the App Store or Google Play and log into your account to submit claims. Choose **Upload Claim/ Documentation** from the menu and follow the prompts on your screen.

3 MAIL/FAX A CLAIM

Complete a claim form and fax or mail to P&A Group.

Toll-free fax: (877) 855-7105

Mail: 6400 Main Street
Suite 210
Williamsville, NY 14221

Claim forms are located inside your account at padmin.com.

All claims must include proof of your expense so P&A can verify the expense is eligible (e.g., itemized invoice, Explanation of Benefits (EOB)). Please see the documentation requirements below for more information.

**Not all mobile claim upload features are currently available on all mobile devices or with all operating systems. Wireless carrier fees may apply. Requires at least a 2-megapixel camera.*

Documentation Requirements

HEALTH FSA CLAIMS

All claims must include one of the following documentation types:

- Insurance company statement or Explanation of Benefits (EOB).
- Itemized bill from the provider showing date of service, services rendered, provider of service, amount paid and, if applicable, amount covered by insurance.
- All prescription claims MUST include the Rx pharmacy receipt with Rx number. Credit card receipts are not acceptable.

DEPENDENT CARE ASSISTANCE ACCOUNT CLAIMS

All claims must include the name, address and taxpayer identification number of the dependent care service provider. In the case of a babysitter, the taxpayer identification number is the babysitter's Social Security Number. If you cannot remit a copy of your bill/contract, your daycare provider can sign your claim form and you can upload it as your "receipt."

Reimbursement FAQs

Pro Tip

Receive Faster Reimbursements with Direct Deposit!

Enjoy receiving your reimbursement quicker, without the hassle of a check!

HOW DOES P&A REIMBURSE ME AFTER I SUBMIT A CLAIM?

Consider Enrolling in Direct Deposit

The quickest way to receive your money is by direct deposit into your personal checking or savings account. Sign up for direct deposit by logging into your account from our mobile app or log into your account at padmin.com. Once enrolled in direct deposit, all reimbursements are made through direct deposit until we are otherwise notified.

If you don't enroll in direct deposit, you will receive reimbursement via check mailed to your home mailing address.

WHAT IS THE MAXIMUM AMOUNT I CAN BE REIMBURSED?

Review Reimbursement Amounts

Medical, dental and vision expenses will be reimbursed based on the total amount indicated on the claim request. This amount must not exceed your total plan-year election amount.

Dependent care expenses will be reimbursed based on the amount indicated on the claims request up to the total amount in your account (payroll deducted) at the time the claim is received. Total amounts must not exceed your plan-year election amount and must be submitted with appropriate documentation to verify eligibility of expenses.

- Minimum check reimbursement is $25.00
- Minimum direct deposit reimbursement is .50¢

PLEASE NOTE

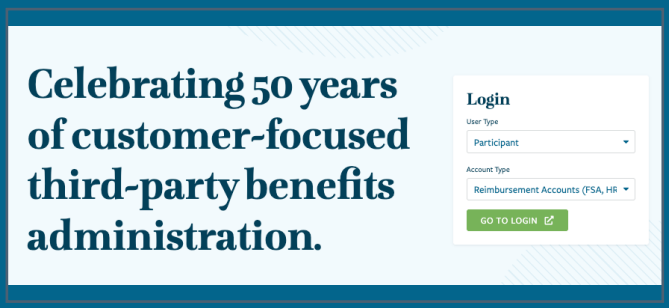
Reimbursements are based on when the service is provided, not when the service is billed or paid.

Account Login Tools & Resources

Log into your P&A account and manage your FSA on-the-go and at the convenience of your mobile device. Explore the resources available to help you manage your account and maximize your savings!

How to Log Into Your Account

Go to padmin.com. In the login box, select **Participant** and **Reimbursement Accounts** from the drop-down menus. Click **Go to Login** and enter your username and password. If this is your first time logging in, click the "first time logging in" link to create your unique username and password. You can also manage your account through our mobile app.



Participant Support Center

Contact P&A's Participant Support Center with any questions about your account. Participant Support Specialists are available to assist you Monday - Friday, 8:30 a.m. - 10:00 p.m. EST. Call to speak with an agent or use live webchat to connect online!

WEB: padmin.com

PHONE: (716) 852-2611 or (800) 688-2611

Penny Panda Videos

Want a walk-through on how to use your account, submit a claim or login? View P&A's Penny Panda video library on our YouTube channel.

P&A Mobile Tools

Download P&A MyBenefits App

Go to the App Store (on Apple devices) or Google Play (on Android devices) and search "P&A Group MyBenefits" to get the app.

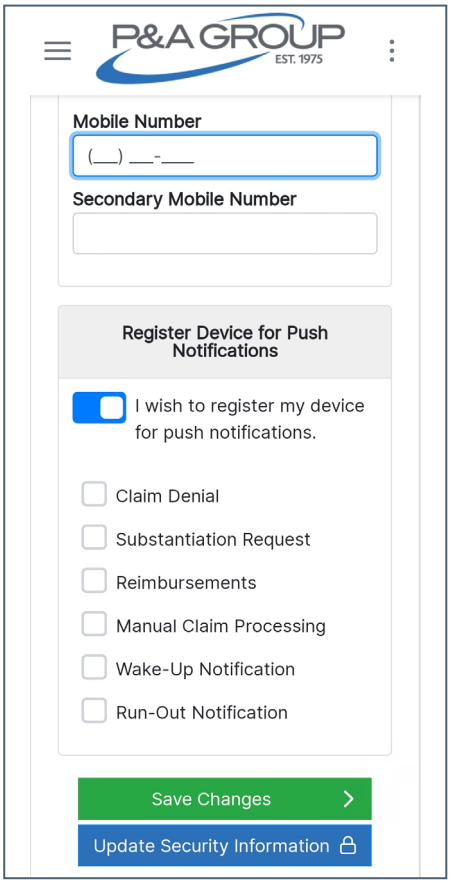
GET IT ON Google Play

Download on the App Store

OPT-IN TO ACCOUNT ALERTS

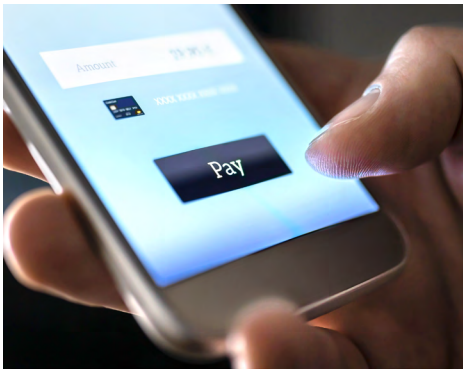
Log into your account from the mobile app. Tap the three dots in the upper right corner and select **Profile**. Scroll down to enter your mobile number and opt into your preferred alerts.

Wake Up Alert	Reminder to check your available account balance and spend remaining funds prior to your plan's end date
Run-Out Period Reminder	Reminder to submit claims for eligible expenses incurred during the plan year
Reimbursement Alert	Get notified of claim reimbursements
Manual Claim Processing Alert	Get notified when your claim enters the processing stage
Substantiation Request Alert	Get notified when further documentation is required to approve your Benefits Card transaction
Claim Denials	Receive an alert when your claim is partially or fully denied



EZ Scan: Your Effortless Guide to FSA Eligibility!

P&A's EZ Scan tool lets you quickly check if a product is an eligible FSA expense by simply scanning its barcode. Find EZ Scan within the P&A mobile app's drop-down menu after logging into your account.



Mobile Pay: Digital Payments Made Easy

Enjoy convenience at check-out with P&A's Mobile Pay. This free, secure digital payment option allows you to instantly use your benefit account funds for eligible expenses, directly from your mobile device at the point-of-service. No card? No problem! Mobile Pay is a perfect alternative to your Benefits Card, ensuring you can always access your funds. It's simple to set up and use. Visit https://padmin.com/blog/pa-mobile-pay-now-available-for-participants/ for details.

FSA Sample Eligible Expense List

ELIGIBLE HEALTH FSA EXPENSES

- Acupuncture
- Alcoholism treatment
- Allergy medication, nasal sprays
- Ambulance
- Analgesics, fever reducers, pain reducers (aspirin, ibuprofen, acetaminophen)
- Antacids and heartburn relief
- Antibiotic ointments
- Anti-itch creams and hydrocortisone creams
- Arthritis pain relieving creams
- Athlete's foot treatment, anti-fungal creams
- At-home COVID-19 tests
- Artificial teeth/dentures
- Bandages
- Birth control - only eligible with a prescription
- Blood pressure monitors
- Braces
- Braille-books and magazines
- Breast pumps and lactation supplies
- Cancer screening
- Chiropractors
- Chondroitin
- Co-insurance amount you pay
- Cold/hot packs
- Cold medicines, tablets, syrups, cough drops & lozenges
- Co-pay amount you pay
- Compression hose (30-40 mmHg or higher)
- Condoms
- Contact lenses and eyeglasses
- Contact lens solutions
- Cost of medically necessary operations and related treatments
- CPAP machine and sleep apnea maintenance/equipment
- Crutches
- Deductible medical coverage (amounts you pay)
- Dental fees
- Diabetic supplies
- Diaper rash ointment
- Drug addiction treatment
- Ear wax removal kits
- Eye exams, eye surgery
- Eye glasses (protection plans/warranties are NOT eligible expenses)
- Eczema treatments
- Feminine hygiene products
- Fertility treatments (in vitro fertilization, surgery)
- First-aid cream
- Glucosamine
- Hearing devices and batteries
- Hemorrhoid treatments
- Hospital services
- Incontinence products
- Infertility treatments
- Insulin
- Laboratory fees
- Lamaze classes
- Laxatives
- Medical alert bracelets
- Medical information plan
- Menstrual pain relievers
- Mentally handicapped person's cost of special home care
- Motion sickness pills
- Nasal spray and strips
- Nicotine gum, patches
- Nursing services (including boarding)
- Obstetrical expenses
- Orthotics
- Oura ring
- Over-the-counter medications
- Oxygen
- PPE (e.g., face masks, hand sanitizer, sanitizing wipes)
- Petroleum jelly
- Prosthesis
- Pregnancy tests
- Prenatal vitamins
- Psychiatrists' and psychologists' fees
- Radial keratotomy and lasik eye surgery
- Routine physical & other non diagnostic services or treatments
- Sinus medication
- Smoking cessation programs
- Speech therapy
- Special education for the blind
- Special plumbing for handicapped
- Sterilization (e.g., tubal ligation,vasectomy) and reversal
- Stomach and digestive relief items
- Sunburn cream (e.g., Solarcaine)
- Surgical fees
- Telephone, special for hearing impaired
- Television audio display equipment for hearing impaired
- Therapeutic care for drug and alcohol addiction received as medical treatment
- Thermometers
- Toothache and teething pain relievers
- Transportation expenses for person to receive medical care
- Urinary pain relief medication
- Vaccines
- Varicose vein, treatment of
- Walkers
- Wart removal, e.g., W Freeze Off (certain wart medicines may require a prescription)
- Wheelchair
- X-rays
- Yeast infection medication

ELIGIBLE HEALTH FSA EXPENSES ONLY WITH A LETTER OF MEDICAL NECESSITY FORM

- Acupressure
- Compression hose (20-30 mmHg)
- Dietary supplements
- Doula
- Exercise programs or equipment
- Fiber supplements
- Humidifier
- Hypnosis
- Lead-base paint removal
- Massage therapy, rolfing therapy
- Mineral supplements
- Occupational therapy
- Orthopedic shoes (Reimbursement is permitted for the cost difference between orthopedic shoes and regular shoes.)
- Scooter, electric
- Service animal (guide dogs are eligible without a LOMN)
- Tuition/meals/lodging for special needs schooling
- Vitamins
- Water-Pik

NEVER ELIGIBLE

- COBRA premiums
- Concierge service fees - only medical services actually provided are eligible for reimbursement; membership fees for concierge services are not eligible for reimbursement
- Cosmetic products and cosmetic surgery (unless to remediate damage from an illness or injury)
- Disposable diapers
- Diet program foods
- Electric toothbrush
- Electrolysis
- Fitness programs*
- Hair transplants*
- Household help
- Maternity clothes
- Medicinal marijuana
- Teeth whitening*

**Unless prescribed by a doctor to treat an existing illness or injury.*

ELIGIBLE DEPENDENT CARE FSA EXPENSES

- After-school programs
- Babysitters
- Day camp
- Daycare centers
- Eldercare
- Nursery schools
- (Overnight camps are NOT eligible)

Expense eligibility is subject to change. If you are unsure if an expense is eligible for reimbursement, please call P&A Group at (716) 852-2611 or (800) 688-2611. You can also chat with a Participant Support Specialist by online webchat at padmin.com.

Flex spending with zero guesswork.

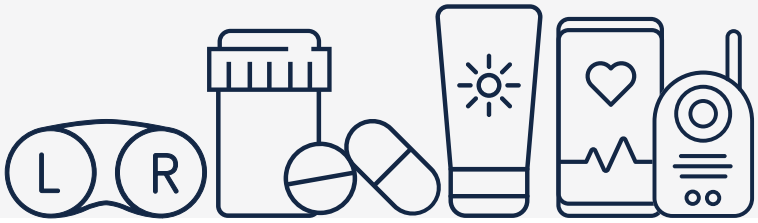
Shop for your FSA-eligible health needs through FSA Store, P&A's vendor partner and the largest selection of guaranteed FSA-eligible products.

Visit www.padmin.com/fsaextras

and get instant access to great deals and more, including money-saving tips from a Learning Center, an Eligibility List and other features to help answer your toughest FSA questions.

- The largest selection of guaranteed FSA-eligible products
- 24/7 support FREE shipping on orders over $50
- Are your health needs eligible? Easily check with our expansive Eligibility List
- No Rx needed Over-the-counter meds are fully eligible
- Learning Center Get daily money-saving info
- Use your FSA card or any major credit card

Everything 100% guaranteed eligible.



Letter of Medical Necessity Form

Certain Flexible Spending Account (FSA) items are eligible for reimbursement only if a letter of medical necessity is provided. The letter must include the diagnosis of a medical condition and state that the expense is necessary to treat the medical diagnosis. It must also include the length of treatment. Examples of expenses that are deemed as medically necessary in order to treat a medical condition (and therefore are eligible for reimbursement under the FSA plan) include massages, gym memberships and weight loss programs. Your physician must complete and sign the form below, thereby acknowledging that the medical expense is being used to treat a medical condition.

This form is valid for one year from the date of signature. A new form must be submitted annually.

EMPLOYEE INFORMATION

Company Name		Employee DOB
Employee Last Name	**Employee First Name**	**Last 4 Digits of SSN or Member ID #**
Patient Last Name (if different than above)	**Patient First Name (if different than above)**	

PHYSICIAN'S DIAGNOSIS *(This section must be completed by the attending physician to confirm if treatment is necessary for a specific medical condition.)*

Healthcare Provider Name	Provider License No.	Healthcare Provider Phone No.
Diagnosis Date (mm/dd/yyyy)	**Treatment Start Date (mm/dd/yyyy)**	**Treatment End Date (mm/dd/yyyy)**
/ /	/ /	/ /

Please diagnose the medical condition being treated.

Describe the required treatment.

I assert that this treatment is medically necessary to treat the specific medical condition noted above. This treatment is not in any way intended for general health maintenance or cosmetic purposes.

Healthcare Provider Signature: X _____ Date: / /

Submit completed form to P&A Group.

Fax: (877) 855-7105 | Mail: P&A Group 6400 Main Street, Suite 210 Williamsville, NY 14221

Authorization for Release of Information

The HIPAA law was enacted to ensure your healthcare information remains private. As the employee and holder of the spending account, you may want to authorize someone other than yourself to have access to your P&A Group claim and plan information. For example, you may ask your spouse to contact P&A and inquire about a claim. By law, our Participant Support Specialists cannot speak to your spouse unless you have authorized the disclosure of protected health information in writing. In order to make the transition of information as seamless as possible, please complete this form and submit it to P&A. Please note, this form can be completed electronically by logging into your P&A Account. You also have the option of sending this form to P&A via fax or mail.

Fax: (877) 855-7105 | Mail: 6400 Main Street, Suite 210 Williamsville, NY 14221

I. INFORMATION ABOUT THE USE OR DISCLOSURE

I hereby authorize the use or disclosure of my individually identifiable information as described below. I understand that this authorization is voluntary and that I may revoke it at any time by submitting my revocation in writing to the entity providing the information.

Participant name: SSN Number:

Persons authorized to receive the information:

Relationship to the participant, including authority for status as representative:

☐ I authorize any and all information shared with the above named persons, with the following exception(s):

Unless otherwise revoked, this authorization will expire on the following date: _____/_____/___

If I fail to specify a date, this authorization will expire when I cease to be a participant under this plan.

II. IMPORTANT INFORMATION ABOUT YOUR RIGHTS

I have read and understand the following statements about my rights:

- I may revoke this authorization at any time by notifying the providing organization in writing, but the revocation will not have any affect on any actions the entity took before it received the revocation.
- I may see and copy the information described on this form if I ask for it.
- I am not required to sign this form to receive my health care benefits (enrollment, treatment or payment).
- The information that is used or disclosed pursuant to this authorization may be re-disclosed by the receiving entity. I have the right to seek assurances from the above-named persons/organizations authorized to receive the information that they will not re-disclose the information to any other party without my further authorization.

III. SIGNATURE OF PARTICIPANT

SIGNATURE: DATE: / /

Dependent Care Guidelines

QUALIFYING INDIVIDUALS

Dependent care expenses must be provided to Qualifying Individuals. A Qualifying Individual is defined as any of the following:

1. A person under age 13 who is your "qualifying child" under the Internal Revenue Code (the "code"). i.e., (a) he or she has the same principal residence as you for more than half the year, (b) he or she is your child or step-child (by blood or adoption), foster child, sibling or step-sibling, or a descendant of one of them; and (c) he or she does not provide more than half of his or her own support for the year.

If you are divorced or separated, you must be the primary custodial parent of your child in order to be eligible for this account (irrespective of whether which parent may claim a personal exemption for the child on his or her federal income tax return). Non-custodial parents may wish to check with your legal or tax advisor to see if special rules apply to you that would enable you to utilize this account.

2. Your spouse if he or she is physically or mentally incapable of self-care and has the same principal abode as you for more than half the year.

3. A person who is physically or mentally incapable of self-care, has the same principal abode as you for more than half the year and is your tax dependent under the Code (for this purpose, status as a tax dependent is determined without regard to the gross income limitation for a "qualifying relative" and certain other provisions of the Code's definition).

ELIGIBLE EXPENSES

Eligible expenses are defined as those that enable you (and your spouse, if any) to be gainfully employed* or to seek employment. They include the following:

1. Expenses for services provided by a dependent care center (including a day camp) that complies with all applicable state and local laws and regulations;

2. Expenses for the care of a Qualifying individual or for household services attributable in part to the care of a Qualifying individual;

3. Expenses for services outside of your household for the care of a qualifying individual other than a person under age 13 who is your qualifying child, provided that qualifying individual regularly spends at least eight hours per day in your household.

In the case of any expenses for dependent care services provided by a child of yours, that child must be at least 19 years old at the end of the year in which the services were provided.

*If your spouse is a full-time student or is physically or mentally not capable of self-care, he or she is treated as if gainfully employed. A spouse is a "full-time student" if he or she is enrolled at and attends a school for the number of hours or classes that the school considers full time. Your spouse must have been a student for some part of each of five calendar months during the year.

PROHIBITED EXPENDITURES

Expenditures that are prohibited for reimbursement include the following:

1. Babysitting for social events.

2. Educational expenses.

3. Charges for overnight camp.

4. Expenses that you will take as a child care tax credit on your income tax return.

5. Expenses for services provided by your spouse, by a parent of your under age 13 qualifying child or by a person for whom you or your spouse is entitled to claim a personal exemption on a federal income tax return.

MAXIMUM ANNUAL CONTRIBUTION

Starting January 1, 2026, the maximum annual contribution will increase to $7,500 ($3,750 for married couples filing separately) but no more than the lesser of the earned income of you or your spouse.

P&A GROUP PARTICIPANT SUPPORT CENTER

Hours: Monday - Friday, 8:30 a.m. - 10:00 p.m. EST

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