



ARCHDIOCESE OF PORTLAND IN OREGON

October 31, 2016

Employee Benefits Office

Open Enrollment Notice Dependent Care Reimbursement Plan (DCRP FSA)

In cooperation with The Reta Trust, The Archdiocese of Portland is conducting the annual Dependent Care Reimbursement Plan Flexible Spending Account (DCRP FSA) Open Enrollment for the 2017 plan year that runs from January 1, 2017 to December 31, 2017. Open Enrollment will begin on Friday, November 11, 2016 and end on Friday, November 25, 2016. This is your annual opportunity to elect coverage or make changes to your Dependent Care Flexible Spending Account benefit elections.

The Dependent Care Reimbursement Plan Flexible Spending Account (DCRP FSA) allows you to set aside a portion of your salary, before tax, to reimburse certain amounts spent for eligible dependent care expenses. Participating in the DCRP FSA can help you save money on taxes as the money you set aside is not subject to federal income or Social Security tax. This allows you to benefit from more of the money you earn.

Benefit Allocation Systems (BAS) administers this plan for the Reta Trust. Attached please find the BAS Summary Description with more detailed explanation.

If you are currently participating in the program, you **must** re-enroll to continue in 2017. Your participation will automatically end December 31, 2016 if you do not re-enroll. If you do not complete the process during the open enrollment period, your current DCRP FSA elections **will not** automatically transfer to the 2017 plan year.

The election made during your DCRP FSA annual open enrollment will be effective on January 1, 2017. The choice you make during this process will remain in place for the entire year, and you **will not** be permitted to make changes again until the next FSA Open Enrollment, unless you experience a Qualified Life Event Change.

You will make your DCRP FSA elections online using the RetaEnroll System. You may obtain a unique User ID and Password for the first time or have it resent to you if you are a returning user by going to the Reta Trust home page (www.retatrust.org) and clicking on the link for help with log-in. You may enter your email address provided that your email address has been previously entered into the RetaEnroll system.

Read the enclosed information carefully before deciding whether or not to enroll in the DCRP.



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To make elections for the 2017 plan year during open enrollment, everyone must follow these steps:

1. Go to www.retatrust.org and enter your User ID and Password in the upper right hand corner.
2. Choose your destination – RetaEnroll.
3. Follow the easy enrollment steps in the Open Enrollment Wizard.
4. Confirm or change your DCRP FSA Election.
5. Approve your elections.
6. Print your benefits confirmation statement.

If you need to go back and make changes, you may do so as long as it is within the Open Enrollment period.

Open Enrollment Deadline for Current Benefit Eligible Employees: November 25, 2016

If you need more detailed information or assistance

Attached is additional information pertaining to the Dependent Care Reimbursement Plan Flexible Spending Account. This information is also available in the RetaEnroll – Reference Library through the RetaTrust.org website. If you require assistance with accessing your account (or you do not have access to the Internet), call the Reta Enroll Client Services Department toll free at 1-877-303-7382 from 5:30 AM to 5:00 PM Pacific Time, Monday through Friday, or send an e-mail to Service@RetaEnroll.org. The Reta Client Services team will either directly assist you or connect you with the best resource for help.

If you need further assistance regarding your individual benefit plan options, contact your Benefits Administrator in your School or Parish.

Don't forget - Open Enrollment for 2017 Dependent Care Flexible Spending Account will begin on Friday, November 11, 2016 and will end on Friday, November 25, 2016. Do not wait until the last minute to begin your enrollment as once the Open Enrollment period has ended, you will not be able to make any changes to your Flexible Spending Account elections.

DEPENDENT DAY CARE

FLEXIBLE SPENDING ACCOUNT



Paying for Unreimbursed Dependent Day Care Expenses With Pre-Tax Payroll Deductions

DFSA Basics

The Dependent Day Care Flexible Spending Account (DFSA) allows you to set aside a portion of your salary, before-tax, to reimburse certain amounts spent for eligible dependent day care expenses that are necessary in order for you, and if you are married, your spouse, to work or look for work.

Participating in the DFSA can help save you money on taxes since the money you set aside is not subject to federal income or Social Security tax. This allows you to benefit from more of the money you earn.

Your maximum annual DFSA contribution under federal tax law may be up to \$5,000 (\$2,500 maximum if you are married, filing separate income tax returns). The terms of your employer's plan may set lower contribution limits. In any case, your contribution may not exceed your earned income or your spouse's earned income, whichever is less, unless your spouse is disabled or a full-time student, in which case certain income-attribution rules apply.

What are Eligible DFSA Expenses?

Expenses for the following services may be reimbursed from a DFSA, provided they are necessary for the protection and care of your dependent while you work or look for work:

- Child day care centers
- Babysitters
- Preschool / Nursery School
- Non-educational before or after school care programs
- Adult day care centers
- Family day care centers
- Summer day camp (non-educational)

You may claim expenses for services given inside or outside your home. However, payments are not reimbursable if they are made to certain related individuals, including your child under age 19, your spouse, the child's parent, or certain other relatives.

If the service is provided by a day care center that offers care for at least six people (other than residents), the center must comply with all local and state laws and licensing requirements. Important Note: You must report your dependent care provider's taxpayer identification number (or Social Security number), name and address on the DFSA claim form, in order for your eligible expenses to be reimbursed from your DFSA.

Whose Expenses are Eligible for Reimbursement?

An eligible dependent is any dependent who is:

- A child under age 13 who is your dependent under federal tax rules.
- A child, spouse or parent who is physically or mentally incapable of caring for himself or herself and has your same place of residence for more than half of the year.

A dependent generally has to spend at least 8 hours a day in your household for the dependent's expenses to be reimbursable.

How Does the DFSA Work?

The DFSA allows you to set aside before-tax dollars from your paycheck to pay for your out-of-pocket dependent day care expenses.

To participate in the DFSA, you must designate the total amount you would like to contribute each plan year. A portion of your total contribution will be deducted from each paycheck you receive during the plan year. When you incur an eligible dependent day care expense, simply submit a claim and you will be reimbursed tax-free from the account, to the extent of the amount you have already contributed to the account for the year. An expense is considered incurred when the service is provided, not when it is billed or paid.

When making your calculation, it is important to conservatively estimate the expenses that you will incur within the plan year, and any grace period, if permitted by the terms of your plan. According to IRS regulations, any money remaining in your account at the end of the plan year (and grace period, if any) will be forfeited. The plan may set a time limit (generally 3 months) for claiming expenses after the end of the plan year. If you do not use amounts during the year or the subsequent grace period, and timely submit your claims for reimbursement, you will lose it.

	Without DFSA Plan After Tax	With DFSA Plan Before Tax
Annual Gross Pay	\$30,000.00	\$30,000.00
Before-tax Dependent Day Care Expense	0.00	-4,000.00
Taxable Gross Pay	\$30,000.00	\$26,000.00
Federal Income Tax (25%)	-7,500.00	-6,500.00
FICA Tax (7.65%)*	-2,295.00	-1,989.00
After-tax Dependent Day Care Expense	-4,000.00	0.00
Net Take-home Pay	\$16,205.00	\$17,511.00

TOTAL ANNUAL SAVINGS: \$1,306.00

*Note - The FICA tax rate may differ from 7.65%. Consult your tax advisor.

Examples of Change in Status Events

- Change in legal marital status
- Change in number of dependents
- Change in employment status of employee, spouse or dependent that affects eligibility
- Reduction or increase in hours of employment of employee, spouse or that affects eligibility
- Dependent satisfies (or ceases to satisfy) eligibility requirements

If you do not use the money you deposit in the DFSA for expenses you incur during the plan year (and grace period, if any), any remaining amount cannot be returned to you at the end of the plan year.

Examples of Ineligible Expenses

The IRS decides what is and is not an eligible DFSA expense. For example, the following expenses are not eligible to be reimbursed from your DFSA:

- Non-employment related care (i.e., evening baby-sitting);
- 24-hour nursing home expenses;
- Overnight camp expenses;
- Education expenses for a child in kindergarten, first grade or higher;
- Education camps;
- Childcare expenses that enable your spouse to perform volunteer work.

All dependent day care expenses must be properly substantiated, consistent with IRS guidelines, to be reimbursed from your DFSA.

Rules to Remember

Because of the special tax advantages that the DFSA provides, the IRS places certain restrictions on contributions to and distributions from the DFSA.

Once you authorize deposits to the DFSA for the plan year, federal rules prohibit you from stopping or changing your election until the next plan year, unless you experience a "Change of Status Event" recognized by your plan.

If you do not use the money you deposit in the DFSA for expenses you incur during the plan year (and grace period, if any), remaining amounts cannot be returned to you at the end of the plan year. If you do not use it, you lose it.

Which to Use: Dependent Day Care Spending Account or the Tax Credit?

If you have paid dependent day care expenses in the past, you may be familiar with the federal tax credit allowed for these expenses when you file your federal income tax return. The DFSA is an alternative to the tax credit. You may not use the same expenses for both the tax credit and the DFSA. The chart below provides a comparative overview of these two alternatives.

The tax credit is calculated as follows: Eligible expenses (up to \$3,000 if you have one eligible dependent, or \$6,000 if you have two or more eligible dependents – these rates may be subject to change) are multiplied by the percentage on the tax credit table corresponding to your family's household income. The resulting amount is subtracted from the amount of tax you owe.

Comparing the Tax Credit to Dependent Day Care Spending Account*

Household Income	Tax Credit	DFSA	TC
Up to \$15,000	35%	DFSA	Maximum contribution is \$5,000 (\$2,500 if married and filing separately).
\$15,001 - \$17,000	34%	TC	Maximum expense applicable towards Tax Credit is \$3,000 per child (\$6,000 maximum per family).
\$17,001 - \$19,000	33%	DFSA	Contributions are made before-tax.
\$19,001 - \$21,000	32%	TC	Percentage of expenses is applied as credit against taxes.
\$21,001 - \$23,000	31%	DFSA	Contributions are free of FICA Taxes.
\$23,001 - \$25,000	30%	TC	Credit does not reduce FICA Taxes.
\$25,001 - \$27,000	29%	DFSA	Must decide on amount of contribution before expenses are incurred and forfeit unused amounts.
\$27,001 - \$29,000	28%	TC	No risk of "forfeitures;" credit is determined at end of year after all expenses are incurred.
\$29,001 - \$31,000	27%		
\$31,001 - \$33,000	26%		
\$33,001 - \$35,000	25%		
\$35,001 - \$37,000	24%		
\$37,001 - \$39,000	23%		
\$39,001 - \$41,000	22%		
\$41,001 - \$43,000	21%		
\$43,001 - no limit	20%		

* Note - These rates may be subject to change.