UNITED STATES FEDERATION FOR WORKER COOPERATION
Flexible Spending Accounts

Introduction

Our Plan will be administered by The Harrison Group, Inc. which is located in Havertown, PA. The following is a summary of how your FSA's will operate.

How They Work

Flexible Spending Accounts enable you to set aside a predetermined dollar amount in an account to cover eligible out-of-pocket health care expenses throughout the year. IRS rules allow you to contribute to your account(s) through payroll deduction on a pre-tax basis — before federal income tax, social security, or (in most cases) state withholding taxes are deducted — reducing your taxable income and increasing your spendable income. Then, at the point-of-sale for these qualified expenses, you can access your funds by using your Debit Card. (Paper claims are also accepted.)

Available to You

Healthcare Flexible Spending Account: This account may be used to pay for healthcare expenses not covered under any other plan. Qualified expenses may include deductibles and coinsurance, prescription and office visit co-pays, dental coinsurance, orthodontics, medical equipment, eyeglasses and contact lenses, and over the counter medications, etc. The Plan Year maximum contribution amount is $2,750. Any unused balances up to $550 as of December 31, 2021 can be carried over to the next Plan Year.

Dependent Day Care Flexible Spending Account: This account may be used to pay for eligible dependent day care expenses with pre-tax dollars. Eligible expenses include, but are not limited to, before and after school programs, nursery or preschool tuition, summer day camp, or in-home care by a licensed provider. The maximum contribution amount for the Plan Year is $5,000 for a married couple filing jointly, $5,000 for a single parent, and $2,500 for a married person filing separately.

Use it, or Lose it

Whether you participate in a Healthcare FSA or Dependent Care FSA, you'll need to set your annual contribution goal amount(s) carefully. Estimate your anticipated out-of-pocket expenses as accurately as possible to put aside enough to cover them — without contributing more than you need. If you contribute dollars to the Dependent Care FSA, and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the Plan Year. You can, however, carry over up to $550 to the next plan year for the Healthcare FSA.

Dependent Care FSA vs. IRS Tax Credits

As an alternative to a Dependent Care FSA, the IRS provides tax credits through the Child and Dependent Care Credit (Topic 602) if you rely on dependent day care in order to work. You can either participate in a Dependent Day Care Reimbursement Account or receive IRS tax credits, but you can't use the same expenses for both. So, you need to determine which tax-saving option is most beneficial for your family. Compare the advantages by calculating approximately how much you'll reduce your taxes with each method. Your decision depends on your overall childcare expenses, your household income and filing status.

Other Information

- The Plan Year is January 1, 2021 through December 31, 2021. Expenses incurred on or before December 31, 2021 can be reimbursed for the Plan Year, if submitted for reimbursement within 90 days after December 31, 2021. This 90-day period is known as the Run-out Period.

- Up to $550 remaining in your Healthcare Flexible Spending Account at the end of the Run-out Period can be carried over to the next Plan Year.

- You will receive 2 debit cards in the mail. If you are married, your spouse can use the second card, just by signing his or her name on the back of the card. If you are single, you can use the extra card as a backup in the event that you lose your card.

- You will receive your debit card in approximately 7 to 10 days after your election form is processed. You will need to activate your card by calling the 800 number on your card.

UNITED STATES FEDERATION FOR WORKER COOPERATION
Section 125 Cafeteria Plan Summary

FLEXIBLE SPENDING ACCOUNTS

Health Care Spending Account

This portion of the plan will allow you to pay for unreimbursed health care costs on a pre-tax basis. You will need to elect to have amounts withheld from your paycheck on a pre-tax basis. You will be provided with the HG Advantage™ card to pay for eligible expenses. You can also submit a claim form along with your receipts in order to be reimbursed for allowable expenses. Allowable expenses are those medical expenses, which are generally deductible on Schedule A of form 1040 without regard to the exclusion of 10% of the Adjusted Gross Income. The maximum amount that you are permitted to elect for the Plan Year beginning January 1, 2021 through December 31, 2021 is $2,750.

Dependent Day Care Spending Account

This portion of the Plan is similar to the Health Care Spending Account except that the amounts that are withheld will pay for Dependent Day Care costs. If you are reimbursed for Dependent Day Care costs under a Cafeteria Plan, you are not entitled to claim the same amounts for the Child Care Credit on Form 1040. The maximum amount that you are permitted to elect for the Plan Year ended December 31, 2021 is $5,000.

General Provisions

- In order for expenses to be reimbursed from each Spending Account for the 2021 Plan Year, those expenses must be incurred by the end of the Plan Year. Any balance remaining in your Healthcare Flexible Spending Account after the end of the Run-Out Period up to $550 can be carried over to the next Plan Year.

- Elections may be made once per year and may not be changed unless there is a change in status. A change in status is defined as marriage, divorce, a death in the family and change in the employment of a spouse (see enclosed information on Change in Status).

HEALTHCARE FLEXIBLE SPENDING ACCOUNT

This Healthcare Flexible Spending Account will allow you to pay for unreimbursed health care costs on a pre-tax basis. Allowable expenses are those medical, dental and other health care costs which are generally deductible on Schedule A of Form 1040 without regard to the exclusion of 10% of Adjusted Gross Income. You can use your debit card or submit claims for eligible expenses up to your election amount. Some of the more common expenses, which qualify as eligible expenses include the following:

Medical

Ambulance Services	Annual Deductible Amounts	Dermatologist
Doctor's Office Co-Pays	Hearing Test/Hearing Aids	Lab Work
Diabetic Treatment	Diabetic Supplies	Prescription Drugs
Psychiatrist	Sleep Apnea Evaluation	Surgery
Hospital Cost	Blood Test	Skin Cancer Exam
Allergy Test	Speech Therapy	Menopause Treatment
Chiropractic Care	Physical Therapy	Lesion Removal
Mole Removal	Echo Cardiogram	Gynecology

Dental

Acrylic Nightguard	Dental Implants	Fillings
Orthodontist – Braces	Root Canal	Cast Post and Core
Dental Surgery	Fluoride Treatments	Sealants
Crowns	Exams/Teeth Cleaning	Impressions
Tooth Extractions		

Vision

Contacts	Laser Surgery	Eye Exams
Glasses		

Over the Counter Items

Acid Controllers	Allergy & Sinus Medications	Menstrual Care Products
Acne Medications	Cough, Cold & Flu Medicines	Pain Relief (Oral & Topical)

For a comprehensive list of allowable expenses, visit www.theharrisongrouponline.com.

DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT

This Spending Account is similar to the Health Care Flexible Spending Account, except that an employee is able to pay for dependent day care costs on a pre-tax basis. If an employee is reimbursed for these costs under a Cafeteria Plan, they may not use these expenditures in computing the Child Credit on Form 1040.

Reimbursement for dependent day care expenses may not exceed the following limits:

A. $5,000 (if an employee is a head of household or married and file a joint return) or $2,500 (if an employee is married and files a separate return).

B. Your tax compensation (after all compensation reduction arrangements).

C. If an employee is married, the spouse's actual or deemed earned income.

For purposes of (c) above, an employee's spouse will be deemed to have earned an income of $200 ($400 if the employee has two or more dependents) for each month in which the employee's spouse is (1) physically or mentally incapable of caring for himself or herself, or (2) a full-time student at an educational institution.

Dependent Care FSA vs. IRS Tax Credits

As an alternative to a Dependent Care FSA, the IRS provides tax credits through the Child and Dependent Care Credit (Topic 602) if you rely on dependent day care in order to work. You can either participate in a Dependent Day Care Reimbursement Account or receive IRS tax credits, but you can't use the same expenses for both. So, you need to determine which tax-saving option is most beneficial for your family. Compare the advantages by calculating approximately how much you'll reduce your taxes with each method. Your decision depends on your overall childcare expenses, your household income and filing status.

QUALIFYING DEPENDENT DAY CARE EXPENSES

Under our plan, you will be reimbursed only for dependent day care expenses that meet all of the following conditions:

1. The expenses are incurred for services rendered after the date of an employee's election and during the plan year to which it applies.

2. Each individual for whom an employee incurs an expense is:

   (i) A dependent under Age 13 whom the employee is entitled to claim as a dependent (or a child or other dependent under Age 13 whom an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce) on the employee's federal income tax return, or

   (ii) A spouse or other tax dependent (or child that an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce or who is physically or mentally incapable of caring for himself or herself).

3. The expenses are incurred for the care of an employee's dependent described above, or for related household services, and are incurred to enable the employee to be gainfully employed.

4. If the expenses are incurred for services outside the employee's household, they are incurred for the care of a dependent who is described in 2(i) above. If the expenses are incurred for services inside the employee's household, they are incurred for the care of a dependent who is described in 2(i) and they are incurred for at least 8 hours per day.

5. The expenses are incurred for services provided by a dependent care center (i.e. a facility that provides care for more than six individuals not residing at the facility). The center must comply with all applicable state and local laws and regulations.

6. The expenses must not be paid or payable to an employee's child who is under Age 19 at the end of the year in which the expenses are incurred.

7. The expenses may not be paid or payable to an individual for whom the employee or their spouse is entitled to a personal tax exemption as a dependent.

CHANGE IN STATUS

Generally, you cannot change your election, which you have made after the beginning of the Plan Year. However, there are certain limited situations when changes can be made. You are permitted to make a change if there is a change in status. Currently, Federal law considers the following events to be examples of a change in status:

- An employee is married, divorced, legally separated, annulment.
- An employee has a child or adopts a child.
- The death of the employee, their spouse and/or their child (children).
- The employee's spouse commences or terminates employment.
- The employee or their spouse's employment status changes from full-time to part-time or from part-time to full-time, a reduction or increase of hours, strike or lockout.
- An employee takes an unpaid leave of absence.
- A change in the residence or worksite of myself, my spouse or dependent.
- My dependent satisfies or ceases to satisfy the requirements for coverage.

The preceding events would qualify as a change in status. Unless an event is similar in nature to those listed, the event would probably not qualify as a Change in Status.