THE FOLLOWING APPLIES TO BOTH HEALTH CARE AND CHILD CARE SPENDING PLANS

Employees must re-enroll in Flex Spending each year – it is not automatically renewed. Current employees must enroll during open enrollment (November 1 - November 30, 2010) or within 31 days of a family status change. New employees must enroll within 31 days of their date of hire or within 31 days of a family status change. The contribution limit for 2011 is $5,000 per employee for the Health Care Spending Plan and $5,000 per household for the Dependent Child Care Spending Plan. Please note: postdoctoral appointees and clinical fellows are not eligible to participate in this plan.

IMPORTANT INFORMATION REGARDING THIS PLAN

We encourage you to carefully review the plan details to make both an informed and appropriate decision about your enrollment. The Flex plans offer you a definite tax-savings opportunity by budgeting your out-of-pocket health and child care expenses. Since there are tax-favored advantages in these plans, the IRS includes specific requirements regarding the enrollment, reimbursement and forfeiture provisions.

Since your decision is irrevocable and there are important forfeiture rules to consider, please review the plan document, which is located on the HR website, and/or call the Benefits Department at 935-7745 (Danforth) or 362-9341 (Med School) with any questions.

ENROLLMENT

Every year, you must enroll or re-enroll in the flex spending plan in order to maintain your pre-tax spending account for health care and/or child care. The IRS requires an advance estimate of the amount you wish to contribute for the coming 2011 calendar year. For the child care plan, combined contributions for both you and your spouse (if applicable) are subject to the IRS limitation of $5,000 per household. For the health care plan, contributions are limited to $5000 for a WU employee and $10,000 for a WU couple (employee and spouse).

You may enroll in the health care plan, child care plan or both plans at the same time. You must complete an enrollment form or enroll online to open a 2011 flex spending account. Please keep a copy of your enrollment form or online confirmation. For open enrollment changes, the first deduction for employees paid bi-weekly will be made from the first bi-weekly paycheck of 2011. The first deduction for monthly paid employees will be made from the January 31, 2011 paycheck. If you have enrolled but a 2011 deduction does not occur on those dates, please call the Benefits Department at 935-7745 (Danforth) or 362-9341 (Med School). For enrollments/changes made throughout the year, deductions will be based on the applicable number of monthly or bi-weekly pay periods remaining in the year. You will not be reimbursed for charges incurred prior to your enrollment effective date.

FILING CLAIMS AND ADMINISTRATION:

All 2011 health care and child care spending account claims are to be filed directly with Wage Works, Inc. Wage Works offers three convenient ways to submit claims:

- Wage Works Health Care Card – Use it just like a debit card for health care expenses to minimize the need to submit paper claims. The card pays directly from your health care Flex spending account, so you don’t have to pay the expense out-of-pocket, file a claim form, and wait for reimbursement. The Wage Works Health Care Card is good for three years. Your 2011 election amount will be loaded onto your existing card. Please be sure to retain your receipts for your debit card purchases. (See Health Flex Spending Debit Card Tips below.)

- Pay My Provider - Pay bills directly online from your health care or child care Flex spending account. You can even schedule automatic payments for recurring expenses like orthodontia or child care.

- Pay Me Back - Submit a health care or child care claim form with your detailed receipts* by fax or mail to WageWorks for reimbursement. Offers rapid claim turnaround time and direct deposit (if applicable). Pay Me Back claim forms are available on the Wage Works website at www.wageworks.com.
The receipt should contain all of the following:
- Date of Service
- Patient’s Name
- Provider’s Name and Address
- Charge
- Description of Service

An Explanation of Benefits (EOB) from your health or dental plan is the best form of receipt for medical or dental expenses.

For additional information regarding allowable expenses for health care and child care, visit Wage Works’ website at www.wageworks.com or contact Wage Works directly at (877) 924-3967.

For health care claims, you will be reimbursed up to the amount of your claim or the amount of your annual election; whichever is lower, regardless of the current balance in your health care account. For child care claims, you will be reimbursed up to the amount of your claim or the balance in your child care spending account, whichever is lower.

**FORFEITURES**

Any funds contributed during 2011 may be used for qualified expenses incurred January 1, 2011 through March 15, 2012, while employed at Washington University. Any money left in your 2011 account on March 15, 2012 may be reimbursed by submitting receipts for eligible expenses no later than April 30, 2012. Any money left in your account and not claimed by April 30, 2012 will be forfeited. Federal tax law requires the forfeiture provision in order to maintain the pre-tax deductions for the spending plan. Forfeitures are applied to the administrative cost of the plan.

**FAMILY STATUS CHANGE**

The election that you make now for 2011 is irrevocable. You will not be allowed to enroll, change or terminate your contributions during 2011 unless you experience a qualifying family status change. A qualifying family status change includes only the following examples:

- Marriage
- Divorce or legal separation or annulment
- Employment change to/from full-time or part-time
- Termination or Commencement of employment*
- Death
- Your spouse’s health open enrollment
- An unpaid leave of absence
- Birth or adoption of child

*Transferring between departments does not qualify as termination or commencement of employment

Changes must be made within **31 days of the family status event** in order to initiate a change in your spending account.

**TERMINATION OF EMPLOYMENT**

You will not be reimbursed for charges incurred after the date of your last paycheck. **For health care flex spending only:** you are eligible to continue in the health care flex spending account, under COBRA, after your employment ceases; however, your contributions would be made on an after-tax basis. **Please call Wage Works at 1-877-502-6272 after termination of employment if you need further information on this provision.**

**TERMINATION OF BENEFITS-ELIGIBLE EMPLOYMENT**

You will not be reimbursed for expenses incurred after the end of the month in which your last work day in a benefits-eligible status occurs. For health care flex spending only, you are eligible to continue in the health care flex spending account, under cobra, after your benefits-eligible employment ceases.
HEALTH CARE SPENDING

Each year many of us incur health care expenses that are not reimbursed by our health or dental only plans. The medical spending plan allows you to pay for these items on a pre-tax basis. In other words, no federal or state income taxes, or social security taxes (FICA) are paid on amounts set aside within your spending account (see example on last page).

You may elect to set aside any amount per month from a minimum of $10 to a maximum of $416.66.

Expenses reimbursable from a spending plan include all medical expenses that can be itemized on a federal tax return with the exception of premiums paid for Long Term Care insurance. The following are examples of common qualifying expenses (this is not a complete list):

- Deductibles and coinsurance under the medical and dental plans
- Office visit co-pay
- Prescription drug co-pay
- Hospital emergency room co-pay
- Non-covered prescriptions
- Charges incurred for a routine physical exam (over the plan maximum)
- Unreimbursed nursing costs
- Hearing aids (and batteries)
- False teeth
- Eyeglasses and contact lenses
- Orthopedic shoes
- Crutches
- Wheelchairs
- Ambulance service or medical travel
- Refractive Eye Surgery
- Speech therapy
- Weight Loss Clinics (with medical necessity letter from Doctor)
- Health Club Fees (with medical necessity letter from Doctor for heart, lung, and back disabilities)
- Over the counter medications and drugs ** With a physicians prescription

**Effective January 1, 2011, in order to receive reimbursement for OTC medications such as pain relievers, stomach remedies and cold, cough and allergy medications, a physician’s prescription must be provided. As a result, you will no longer be able to use your FSA debit card to purchase OTC medications. Instead, you must submit a Pay-Me-Back claim form along with a valid receipt and the physician’s prescription. Medical supplies such as bandages, wraps, first aid supplies and home health aides will remain eligible for purchase using your FSA debit card.

SPECIAL HEALTH CARE SPENDING RULES

You may NOT obtain reimbursement for the following:

- Any expense which is reimbursed by any medical or dental plan
- Premiums for Long Term Care Insurance
- Maternity clothes
- Diaper service
- Illegal operations or drugs
- Funeral expenses
- Cosmetic surgery
- Premiums paid for health coverage under any plan maintained by another employer, any individual policy, or Medicare
- Over the counter dietary supplements (new IRS ruling).

Do not include any premiums deducted from your Washington University paycheck for health insurance. These premiums are already deducted on a pre-tax basis.
You may submit out of pocket expenses for all eligible family members regardless of whether they are covered under your health insurance plan at Washington University. Any amounts reimbursed by the health care spending plan cannot be itemized as a medical deduction on your income tax return.

**Health Flex Spending Debit Card Tips**

- Use your Wage Works card on the date of service only and not for paying statements/invoices for prior services
- Choose “credit” at the checkout counter even though it acts like a debit card
- Separate your purchases at the pharmacy/store, using your Wage Works card only for eligible flex expenses
- Resolve unverified card use transactions as identified on your monthly statement in order to keep your Wage Works card in good standing. According to new IRS regulations effective 1/1/2010, you will be required to settle all outstanding, unverified debit card transactions within 90 days of the original purchase dates or risk the possible suspension of your card. There are three ways to resolve unverified card transactions:
  - Submit a copy of the original detailed receipt
  - Submit an equivalent receipt for an eligible purchase not made with the Wage Works card; or
  - Repay your account for the outstanding amount.

**CHILD CARE SPENDING PLAN**

Expenses that qualify as tax deductible child care costs on your federal tax return can be reimbursed using dollars set aside within a child care spending account. The child care spending plan allows you to pay for these charges on a pre-tax basis. In other words, no federal or state income taxes, or social security taxes (FICA) are paid on amounts set aside within your spending account (see example below).

Qualified child care expenses are those rendered by a licensed day care center, pre-school or baby-sitter. A relative is qualified unless it is a dependent you can claim as an exemption on your federal income tax return or it is your own child who is under age 19. **The service must be rendered for the sole purpose of allowing both spouses (if applicable) to work or to seek an education.** Dependent receiving the care must be under the age of 13, or must be physically or mentally unable to care of themselves.

You are limited to contributing up to $5,000 per year on a pre-tax basis regardless of the number of eligible children you have. Your contribution is further limited by the gross earnings of the lower paid spouse (if applicable).

**SPECIAL CHILD CARE SPENDING RULES**

You will not be reimbursed for expenses incurred prior to your enrollment or after the date of your last paycheck.

You will be reimbursed up to the amount of your claim or the balance in your child care spending account, whichever is lower. (This is different from the Health Care Spending Plan reimbursement rule.) You will be required to submit either originals or copies of invoices, canceled checks or other receipts as proof of your expense in order to be reimbursed. These documents must be attached to Wage Works Pay Me Back claim form. Claim forms are available on the Wage Works website at [www.wageworks.com](http://www.wageworks.com)

You are not allowed to claim the child care credit on your tax return for any amounts contributed to this plan. Any amount contributed to the spending account will offset dollar for dollar the maximum amount available for the credit on your federal income tax return. You are also required to file form 2441 with your federal income tax return if you participate in the child care spending plan. You will be required to report the name, address and taxpayer identification number (or social security number for an individual) of your child care provider. Your total child care spending deduction for the year will be reported on your W-2 form.
HOW WILL THESE ACCOUNTS BENEFIT YOU?

<table>
<thead>
<tr>
<th>AFTER-TAX METHOD</th>
<th>PRE-TAX METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee gross annual pay</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Employee gross monthly pay</td>
<td>2,500.00</td>
</tr>
<tr>
<td>Pre-tax health expenses per month</td>
<td>-66.67</td>
</tr>
<tr>
<td>Federal Income Tax</td>
<td>174.17</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>90.00</td>
</tr>
<tr>
<td>FICA (Social Security Tax)</td>
<td>191.25</td>
</tr>
<tr>
<td>Net monthly pay</td>
<td>2,044.58</td>
</tr>
<tr>
<td>After-tax health expenses</td>
<td>-66.67</td>
</tr>
<tr>
<td>After-tax child care expenses</td>
<td>-333.33</td>
</tr>
<tr>
<td>Net monthly pay after expenses</td>
<td>1,644.58</td>
</tr>
<tr>
<td>Net annual pay after expenses (disposable income)</td>
<td>19,734.96</td>
</tr>
</tbody>
</table>

Note: Examples based on withholding set at Married claiming 1 exemption.

CONTACTS

After reviewing the information above, if you still have questions regarding the flex spending plans, please send an email or call your Benefits Department at the email addresses or phone numbers listed below.

DANFORTH & WEST CAMPUS BENEFITS DEPARTMENT
Jennifer Gang jennifergang@wustl.edu 935-7745
Danforth Benefits Department Fax, 935-8198/ Campus Box 1190

MEDICAL SCHOOL BENEFITS DEPARTMENT
Mary Ulett mary.ulett@wustl.edu 362-9341
Medical School Benefits Department Fax, 362-2500/ Campus Box 8002

SERVICE AND CLAIMS

The quality of customer service and claims processing is as important as the actual level of benefits. We include the following Wage Works website address, customer service phone number and times available (CST) for your convenience:

<table>
<thead>
<tr>
<th>CARRIER</th>
<th>PHONE NUMBER</th>
<th>TIMES AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Works</td>
<td>1-877-924-3967</td>
<td>7:00 a.m. – 7:00 p.m.</td>
</tr>
<tr>
<td><a href="http://www.wageworks.com">www.wageworks.com</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>