



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3044 CATLIN AVENUE
QUANTICO, VIRGINIA 22134-5103

IN REPLY REFER TO:

12800

MRG

Oct 22, 2019

Dear Marine Corps Nonappropriated Fund (NAF) Flexible Spending Account (FSA) Participant:

Your Marine Corps nonappropriated fund (NAF) employer wants to remind you that participation in the FSA Plan(s) does not carry over from year to year. To ensure you continue to take advantage of the great tax deferred opportunities of the Healthcare (HCFSA) and Dependent Care Flexible Spending Account (DCFSA) Plan(s) you will need to re-enroll and make your deferral election each year during the upcoming open enrollment period. The requirement to re-enroll is an Internal Revenue Service (IRS) requirement.

The HCFSA will reimburse you for eligible healthcare related expenses incurred during the Plan year. DCFSA will reimburse you for eligible dependent day care incurred during the Plan year.

During open enrollment this year, there will be a new High Deductible Medical plan (HDHP) option added to the current plan options. If you elect to enroll in the new HDHP you will also have the opportunity to enroll in the new Health Savings Account (HSA). The HSA is only available to eligible employees at State side commands who are enrolled in the HDHP and who meet other IRS qualifications. State side employees that elect to enroll in the new HDHP with the HSA, will not be able to enroll in the HCFSA. HDHP members with an HSA will still be able to elect the Dependent Care FSA (DCFSA).

Employees at overseas commands that enroll in the HDHP will be eligible to enroll in the new Health Reimbursement Account (HRA). Participants overseas that elect the HDHP and HRA will also be able to enroll in both the HCFSA and DCFSA.

It is important to review all open enrollment material to understand the specifics of each plan - there are restrictions and limitations to who may or may not enroll in the HSA based on IRS regulations.

This year open enrollment will be from **October 28 - November 29, 2019**. All open enrollment elections must be accomplished in Peoplesoft self service. Simply log into Peoplesoft Self Service and enroll electronically during the open enrollment period. There will be no opportunity to enroll after the eligibility period without experiencing an IRS "qualifying event". All enrollments, changes, cancellations will be effective January 1, 2020.

For those that plan to continue enrollment in the HCFSA, please be sure to visit the FSA calculator found at www.payflex.com to determine how much you may want to defer, based on your estimated health and/or dependent care expenses. As of the date of this letter, the **2020 IRS maximum deferral amount for the healthcare FSA plans has not yet been published**. As soon as this information is available it will be provided

to all NAF Human Resources Offices. Remember, you do not have to be enrolled in a Marine Corps NAF sponsored health plan to participate in the FSA.

Current HCFSA participants will not get a new FSA healthcare debit card (if elected/eligible) until your current debit card is five years old. Your current card will be re-loaded by January 1st with the annual amount you elect to defer to the HCFSA for the 2020 plan year. For those the enroll in the HDHP with HSA, the pay period amount elected will deposit into the participant's HSA account following that payroll cycle.

There is no Debit Card for DCFSA. Participants of the DCFSA deemed to be "highly compensated" (as defined by the IRS) could be limited in the amount they are authorized to defer as a result of the IRS required non-discrimination testing. Those that may have deferral limitations will be notified individually by their local NAF Human Resources Office (HRO).

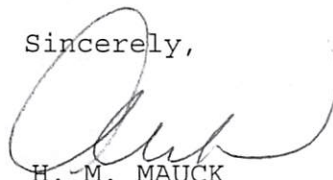
Please look for the NAF open enrollment reminder post card that will be coming in the mail to your address of record. You can also visit www.payflex.com to view the informative FSA "Brainshark" video tool, as well as try out the great FSA deferral calculator.

A reminder that FSA expenses for 2019 must be incurred no later than December 31, 2019. You have until February 15, 2020 to submit FSA reimbursement claims for expenses incurred during the 2018 Plan year. It is important to remember if you received reimbursement for claims during the plan year that required substantiation you must submit applicable documentation to substantiate those charges before February 15, 2020. **If you fail to provide mandatory substantiation the IRS requires those charges be included on your W2 form as taxable distribution(s).**

Unreimbursed HCFSA funds up to \$500 will be rolled over to the 2020 plan year account. Unreimbursed funds in excess of \$500 will be forfeited. Funds that are rolled over, will be used for reimbursable expenses before 2020 deferrals are reimbursed. There is no opportunity to roll over unreimbursed Dependent Care FSA funds. **Please note: If you elect enrollment in the HDHP and elect the HSA and have unreimbursed FSA funds from 2019, those funds will not roll over to the HSA.**

For additional information, please visit www.nafhealthplans.com and/or contact your local NAF Human Resources Office.

Sincerely,



H.-M. MAUCK

Employee Benefits Program Manager
Business and Support Services Division
Human Resources Support Branch (MRG)
Headquarters, U.S. Marine Corps