Flex Credit FAQ for UGFA 2

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General Flex Credit Questions

What are flexible spending credits?
A**nswer**: Flexible spending credits are provided each year to eligible employees for allocation to three accounts:

Professional Development Reimbursement (PDR)
Professional Development Reimbursement (PDR) can be used by employees for professional expenses including, conference registrations fees and travel costs, tuition or fees for professional training or development courses, professional membership fees, journal or periodical subscriptions, books, or equipment/hardware or software that can be directly attributed to and/or assist in an employee's professional development in their capacity as a University of Guelph employee.

Health Care Spending Account (HCSA)
The HCSA can be used to pay for employee and/or eligible spouse's/dependents' qualifying medical and dental expenses under the Income Tax Act , incurred after the deposit date (January 1st of each year), that are not covered or only partially covered by the University's group benefit plans.

Taxable Wellness Spending Account (TWSA)
Supports health and wellness for employees only (*i.e. spouses/dependents are not eligible)*. This account can be used to pay for items including but not limited to fitness club membership fees, fitness or sporting equipment, personal training sessions, nutritional counselling, weight loss programs, smoking cessation programs, legal advice and/or financial advice. Wellness spending account reimbursements are a taxable benefit and will be reported on annual T4 statements of the employee. Starting with any January 1, 2019 reimbursements, income tax related to this benefit will not be deducted from an employee's pay. Any required tax will be payable at the time the employee files their annual income tax return.

Am I eligible for flexible spending credits?
A**nswer**:

Participation in the Flex Credit arrangement is restricted to active RFT and active and eligible TFT employees, meeting the criteria as set out below:

- In order to be eligible to participate a TFT employee must be employed on a contract greater than 12 months. This includes those who have had a contract renewal/extension that would result in a contract greater than 12 months.
- For the purpose of this agreement, active RFT and TFT employees shall include those employees on any statutory protected leave (i.e. maternity or parental leave, family medical leave, etc.),short term disability, long term disability, drawing WSIB benefits, on vacation or an otherwise approved paid leave of absence.
- An active employee does not include a RFT or TFT employee on a leave of absence without pay for a period of thirty (30) calendar days or more or an individual on a salary continuance arrangement.
- Those employees hired after November 30th will not be eligible to participate in the flex spending program until the following calendar year.
- Retirees are not eligible to participate in this Flex Credit arrangement.

What is my annual allocation?
A**nswer**: Eligible UGFA 2 members will be provided flexible spending credits in the amount of $1200. Newly hired RFT and eligible TFT employees shall have access to 100% of Flex Credits for the calendar year, provided their employment commences on or before July 1 of the same calendar year. All eligible RFT and TFT employees whose employment commences between July 1 and November 30th of each year, will see their Flex Credits prorated by fifty (50%) for the balance of that calendar year.

Eligible UGFA 2 members will make allocation decisions during the month of November of the previous calendar year. All allocations must be made in $50 increments. All eligible employees hired or becoming eligible during a calendar year will be required to direct the allocation of their Flex Credits to PDR, HCSA, or TWSA within thirty (30) days of their eligibility date. Allocations must be made within the designated times, failing which the default allocation of 50% to the PDR account, 50% to the HCSA and 0% to the TWSA shall apply.

Only one election can be made in any year and once made is irrevocable.

When and how do I allocate my credits?
A**nswer**: Eligible employees will make allocation decisions during the month of November of the previous calendar year. . All allocations must be made in $50 increments.

All eligible employees hired or becoming eligible during a calendar year will be required to direct the allocation of their Flex Credits to PDR, HCSA or TWSA within thirty (30) days of their eligibility date.

Allocations must be made within the designated times, failing which the default allocation of 50% to the PDR account, 50% to the HCSA and 0% to the TWSA shall apply.

Can I change my allocation?
A**nswer**: No. Only one election can be made in any year and once made is irrevocable.

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Professional Development Reimbursement (PDR)

Who administers reimbursement from the Professional Development Reimbursement (PDR) eligible expenses?
A**nswer**: The Professional Development Reimbursement will continue to be administered by Financial Services. For more information on how PDR accounts are administered please see administration frequently asked questions. [1]

What type of expenses may I claim under the PDR?
Answer: Eligible expenses include professional expenses such as, but not limited to: membership fees for professional associations; subscriptions to professional, learned or industry-related periodicals; registration fees and travel costs for attending professional or scholarly conferences, meetings, seminars or workshops, books, or equipment or software, etc. Approved expenses must be directly attributed to and/or assist in an employee's professional development in their capacity as a University of Guelph employee. Items purchased using PDR remain the property of the University.

When and how do I submit claims for PDR?
Answer: Annual PDR expenses claimed must be incurred and paid by the employee by December 31st of each calendar year. Employees can submit authorized claims using the Travel and Expense Claims Sharepoint Site [2], in accordance with University policies, at any time during the calendar year. The University's Financial Services (Payment Services) will issues instructions regarding the claim submission deadlines for each calendar year. Employees retiring or resigning must have all PDR claims submitted prior to their last day of employment.

May I carry forward my unspent Professional Development Reimbursement balance to the next year?
Answer: Unused PDR balances can be carried forward and combined with new PDR allocations for the following calendar year. At the end of the second calendar year, any balances remaining from the previous will be forfeited.

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Health Care Spending Account (HCSA)

What type of expenses may I claim under the HCSA?
Answer: Qualifying medical and dental expenses as per the Income Tax Act (Canada), incurred after the deposit date, that are not covered or only partially covered by the University's group benefit plan. This includes such expenses incurred for you and your dependents.

Who administers the HCSA?
Answer: The HCSA is administered by Sun Life.

How do I know my HCSA balance?
Answer: You can find out your HCSA balance on the Sun Life Member Services [3] site or by contacting the Sun Life Customer Service Centre at 1-800-361-6212.

How do I submit claims under my HCSA?
Answer: HCSA claims can be submitted either through

- Sun Life Members services portal [4]
- Sun Life Mobile app [5]
- Paper Claim Form and submitting to:

  Sun Life Assurance Company of Canada
  PO Box 2010 Stn
  Waterloo, ON, N2J0A6

How long do I have to submit a HCSA claim?
Answer: You should always try to submit your claims as soon as possible during the year in which you made the expense. However, you have until March 31st of the following year to submit expenses you incur during the current year.

May I carry forward unspent HCSA funds to the next year?
Answer: Unused credits will be carried forward and added to any credits for the following calendar year. At the end of the second calendar year, tax laws require that any credits remaining from the previous year's allocation be forfeited. No cash-outs of HCSA funds are permitted.

Can I carry forward expenses into the next calendar year?
Answer: No, you may only claim for expenses in the calendar year that they are incurred. You cannot carry forward expenses and claim them in the following calendar year.

Will I be automatically reimbursed from my HCSA for medical and dental expenses not fully covered under the University's group benefits?
Answer: Expenses not fully covered under the University's group benefits will only be reimbursed from the HCSA if you have checked of the appropriate box on the Extended Health Care Claim Form. If you have secondary coverage from your partner/spouse, claims should be submitted to the group benefit plans first in accordance with the standard coordination of benefit rules [6], and then any balance can be submitted to the HCSA.

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Taxable Wellness Spending Account (TWSA)

Who administers reimbursement from the Taxable Wellness Spending Account (TWSA) eligible expenses?
A**nswer**: Sun Life, the University's health and dental insurance carrier, also administers the TWSA.

What type of expenses may I claim under the TWSA?
Answer: Eligible expenses must support health and wellness for the employee only (*i.e. spouses/dependent expenses are not eligible)*. Eligible expenses include goods and services such as the following. The expense must be listed on the TWSA form to be covered.

Fitness-related services

- Fitness club memberships
- Registration fees for fitness-related programs or lessons such as aerobic classes, yoga, dance lessons and figure skating
- Sport team membership and registration fees
- Annual memberships, such a golf
- Court fees, green fees, ski passes, lift tickets and race registrations
- Personal trainers, fitness consultants, lifestyle consultants and exercise physiologists

Fitness Equipment

- Equipment such as treadmills, exercise bikes and universal gyms
- Skates, roller blades, bicycles, specialized athletic footwear, tennis racquets, golf clubs, safety helmets and

specialized sports equipment

Health-related services

- Weight management programs (excluding food)
- Smoking cessation programs
- Nutrition programs and counselling
- Maternity services (prenatal classes and mid-wife services)
- Services of the following alternative health practitioners: reflexologist, iridologist, herbalist, homeopath, athletic therapist, Chinese medicine practitioner, shiatsu therapist.
- Stress management programs
- Cholesterol and hypertension screening
- First aid and CPR training
- Health assessments
- Allergy tests
- Vitamins and supplements including herbal products
- Other alternative wellness services: reiki, ayurvedic medicine, touch therapy, rolfing and light therapy

Other Services

- Services of professionals for estate planning, financial counselling, tax return preparation and will preparation
- Insurance premiums paid for critical illness, life and long term care
- Child care expenses
- Elder care expenses
- Hobby and general interest classes/courses unrelated to professional development.

May I carry forward my unspent TWSA balance to the next year?
Answer: Yes. Unused TWSA balances can be carried forward and combined with new TWSA allocations for the following calendar year. At the end of the second calendar year, any balances remaining from the previous will be forfeited.

Can I submit claims for my family under the TWSA?
Answer: No. The TWSA is strictly for claims for University of Guelph employees only. No payment will be made for items or services purchased by or for any dependents.

Is my TWSA a taxable benefit?
Answer: Yes. Unlike the PDR or HCSA, any TWSA reimbursements to you are a taxable benefit, and will be reported on your T4. Your T4 will include any claim amounts paid to you within the calendar year that you receive the payment. Starting with any January 1, 2019 reimbursements, income tax related to this benefit will not be deducted from an employee's pay. Any required tax will be payable at the time the employee files their annual income tax return.

How do I submit TWSA claims?
Answer: TWSA claims must be submitted using the *Taxable Wellness Spending Account Claim Form* [7].

Completed claim forms must be submitted by email (myclaims@sunlife.com [8]) or mailed to:

Sun Life Assurance Company of Canada
PO Box 2010 Stn
Waterloo, ON, N2J0A6

Submitted claim forms must include an original receipt or other original proof of payment for every item claimed. The documentation must clearly outline the type of expense and amount you are claiming as well as the date the expense was incurred. Some receipts may be more difficult to obtain than others. For example, a fitness club membership is typically paid monthly through automatic bank withdrawals or credit card payments. In this case, as proof of payment, you may submit a bank statement, if the type of expense is clearly indicated and the statement

itself is identifiable as relating to your bank account or, if you prefer, ask your fitness club or service provider for a valid receipt.

How do I know my TWSA balance?
Answer: You can find out your TWSA balance on the Sun Life Member Services [3] site at or by contacting the Sun Life Customer Service Centre at 1-800-361-6212.

Can I carry forward expenses into the next calendar year?
Answer: No, you may only claim for expenses in the calendar year that they are incurred. You cannot carry forward expenses and claim them in the following calendar year.

How long do I have to submit a TWSA claim?
Answer: You should always try to submit your claims as soon as possible during the year in which you made the expense. However, you have until March 31st of the following year to submit expenses you incur during the current year.

Can I have my service provider directly submit a TWSA claim to Sun Life?
Answer: No. Because of the taxable nature of the TWSA, you must personally submit your TWSA claims to Sun Life.

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[1] https://www.uoguelph.ca/hr/system/files/PDR%20FAQ.pdf [2] https://uoguelphca.sharepoint.com/sites/Expense-Reimbursements [3] http://www.mysunlife.ca [4] https://www.sunnet.sunlife.com/signin/mysunlife/home.wca?js=no [5] https://www.sunlife.ca/ca/Customer+support/Download+our+app/my+Sun+Life+Mobile?vgnLocale=en_CA [6] https://www.uoguelph.ca/hr/staff-faculty-benefits/coordination-benefits [7] https://www.uoguelph.ca/hr/system/files/PSA-151610-E%20%28G6736-E%29_fillable_RE.pdf [8] mailto:myclaims@sunlife.com