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ADP TOTALSOURCE®

# Deep Dive



## Next Steps in Tax-Advantaged Accounts Transition

Tax-advantaged accounts are some of the best benefits you can offer worksite employees because they help employees save money on everyday expenses. These accounts include health savings accounts (HSAs), flexible spending accounts (FSAs) and online commuter benefit (OCB) accounts. We're taking these accounts to the next level with a new website that makes accessing these spending accounts an even better experience.

### The First Step is Behind Us

November 14 was the deadline for worksite employees to transfer their HSA election.

### What's Next? Blackout Periods

#### FSAs: December 15–31, 2014

Your worksite employees who participate in a Health Care FSA will receive new debit cards before the end of the year. They can begin using them on January 1, 2015.

What happens to the old debit cards? They will remain active through December 14. From December 15 to December 31, there will be an FSA blackout period when current debit cards will be inactive. FSA participants can access the funds in their accounts during this time; however, they must pay for expenses out of pocket, and file for reimbursement in January.

#### HSAs: December 26, 2014 – January 5, 2015

The blackout period for HSAs occurs December 26, 2014 through January 5, 2015. ADP TotalSource® payroll deductions for HSAs will stop on December 19. This means participants will not be able to contribute money to their HSAs until payroll deductions resume in January, and they will not be able to access their accounts during the December 26 – January 5 blackout period. During the HSA blackout period participants must

pay out of pocket for reimbursable expenses and file for reimbursement in January.

During the blackout period some participants may fall short of their planned annual contribution and may want to “make up” the “missing” contributions.

For example, if a participant elected to contribute a total of \$3,000 over the course of the Plan Year – or \$125 per pay period (assumes 24 pay periods per year) – their final 2014 contribution of \$125 will be skipped due to the blackout period. The participant's annual contribution total will then be \$2,875, but this person can “make up” the skipped contribution to reach his or her initial contribution amount of \$3,000.

Worksite employees who want to make up contributions must complete a Change in Contribution form and submit it before December 19. Forms can be downloaded from the **Benefits** section on My TotalSource®. Participants can also make post-tax contributions as long as they do so before December 26.



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**Important:** Make-up contributions are different from the catch-up contributions that the IRS permits for participants age 50 and older. With a make-up contribution, the participant must be covered by a qualifying high deductible health plan (HDHP) during the last month of a tax year (December). Also, a participant must remain covered by an HDHP for the 12-month period following the end of the tax year in which they first enrolled in the HDHP. Failure to meet these rules will make the participant subject to income taxes and a 20% penalty tax on their total annual contribution.

## OCB Account Activities

Most activities for OCB accounts associated with the transition will take place in early 2015.

### Key Dates:

**January 5** – Last day to purchase parking and transit passes for February.

**January 6** – To create new orders, you must log in via My TotalSource. You have until January 24 to complete this action.

**January 7** – Payroll deductions for old accounts end.

**February 1** – Payroll deductions resume with the first pay cycle in February.

**February 5** – Last day to use current parking and transit debit cards.

Here's how the transition affects OCB accounts during the first quarter of 2015:

**January benefit month** – Participants can use their current parking and transit debit cards to pay for eligible expenses incurred in January. Current debit cards remain active until February 5.

**February benefit month** – Parking and transit passes must be purchased before January 5 in order for participants to receive them in time to pay for February expenses.

**March benefit month** – New debit cards will be issued. To avoid disruption in service participants must place an order between January 6 and January 24.

### Tips and Hints:

Remind worksite employees to plan ahead to:

- Purchase February parking and transit passes before January 5.
- Use as much of their OCB account balances as possible before February 5. The money in OCB accounts will “migrate” to the new administration platform on March 11. It's important for participants to have as small a balance as possible before the migration.

## OCB Tax Advantages with No Waiting!

The new OCB administration means worksite employees can benefit from pretax contributions sooner than before. Previously, they were required to accumulate a balance in their accounts before they could use the funds to pay for eligible expenses.



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## New Website

With more and more of life's details taking place online, an intuitive and easy-to-use website just makes sense. Beginning January 1, you and your worksite employees will be able to access the site through My TotalSource (mytotalsource.com). Once logged in, click **Myself**, then **Spending Accounts**.

The site allows you to:

- Check account balances
- View current or previous year activities
- Check claim activity and search for claims
- See when payment is expected
- View year-to-date claims and contributions
- View FSA debit card payments
- Receive alerts about account activity
- Activate new FSA debit card
- Report a lost or stolen card
- Provide feedback

## What this Means for You

Offering tax-advantaged accounts as part of your overall benefits package increases your ability to attract the best and brightest workforce. With these enhancements, your commitment to your worksite employees will be perceived as even stronger! Contact your Human Resource Business Partner to learn more about what the new tax-advantaged account administration means for you, your worksite employees and your business.

## Go Mobile with the New Spending Account App



ADP has a new Spending Account mobile feature that participants can use from their smartphones and mobile devices. It allows secure, 24/7 access so accounts can be managed anytime and anywhere.

Download the app from My TotalSource.

The screenshot shows the ADP TotalSource interface. At the top, there's a navigation bar with the ADP logo, 'Contact', and 'Logout' buttons. Below that, a welcome message says 'Welcome back John Doe'. The main content area is titled 'Spending Accounts - Active Accounts' and includes a 'Printer Friendly View' link. There are three notification banners: a red one about denied claims, a yellow one about processed claims, and a green one about a new account statement. The primary section is for 'Health Care (HCFSA2014)', which features a green icon with a dollar sign and a stethoscope. Below the icon is a summary table:

ELECTED AMOUNT	PAID CLAIMS	PAYMENTS TO BE RELEASED	AVAILABLE BALANCE
\$2,500.00	\$2,489.95	\$0.00	\$10.05

Below the table are four buttons: 'Show My Account Details', 'Show My Contributions', 'Show My Claims(26)', and 'Show My Payments(26)'. On the left side, there's a sidebar menu with categories like 'Spending Accounts', 'Information', and 'Customer Service'. The 'Customer Service' section lists contact information: Standard: 866-HEB-4272, Claims Processing, and Fax Toll-Free: 866-643-2219.