

Dependent Care Flexible Spending Account (DCFSA) Plan Frequently Asked Questions

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General DCFSA Questions

What is a Dependent Care Flexible Spending Account (DCFSA) Plan?

The DCFSA Plan allows you to pay for qualified dependent care expenses, such as daycare or other dependent care services, with tax-free money. By participating in DCFSA, you can lower your payroll taxes by setting aside money throughout the Plan Year to pay for predictable, planned dependent care expenses.

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How does the DCFSA Plan work?

Deductions will be taken from every paycheck and put into your DCFSA account, which is administered by UnitedHealthcare. You pay your dependent care expenses first and then submit a

claim to UnitedHealthcare to request reimbursement from your account.

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How much can I contribute to the DCFSA Plan?

You may contribute a minimum of \$300 up to a maximum amount of \$5,000 for the Plan Year (July 1, 2011 – June 30, 2012). Refer to your Summary Plan Description for other restrictions that may apply to you.

If you are a highly compensated employee, as determined by IRS regulations, your contribution to the Dependent Care Flexible Spending Account is limited to a maximum amount of \$1,200 for the Plan Year.

If your spouse's employer offers this type of plan, the \$5,000 maximum limit is the total combined amount you and your spouse can both contribute for dependent care expenses. If you are married and you and your spouse each file a separate tax return, you may only direct up to a maximum of \$2,500 to your account each Plan Year.

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What is a Plan Year?

The Plan Year refers to Gap Inc.'s Benefit Plan Year which runs from July 1 through June 30.

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Who is considered a Highly Compensated Employee?

For purposes of the DCFSA, a Highly Compensated Employee is defined as any employee who earned a salary of \$110,000 or more (including bonuses, PTO pay, and pre-tax amounts you have contributed for benefits) while on the Gap Inc. payroll in the calendar year 2010.

The IRS periodically determines the definition of a Highly Compensated Employee. The information above is subject to change.

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Why is a Highly Compensated Employee's DCFSA contribution limited to less than the maximum Plan Year amount?

The IRS requires the Plan to pass a nondiscrimination test to ensure a fair mix of participation between highly compensated and non-highly compensated employees. This test is designed to ensure that the plan does not discriminate in favor of highly compensated employees.

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I am a new employee and I participated in DCFSA this Plan Year with a previous employer. Can I still sign up for the maximum amount?

You need to subtract what you have already contributed to the plan through your previous employer. The IRS limits your total calendar year DCFSA contributions to \$5,000.

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When can I enroll in the DCFSA Plan?

You can enroll in the DCFSA Plan within 60 calendar days of becoming a full-time employee or experiencing a qualifying life event change. You can also enroll during the Open Enrollment period

for coverage to be effective July 1.

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When is my DCFSA Plan enrollment effective?

Your enrollment is effective on the date you become full-time, the date of your qualifying life event, or July 1 if you enroll during Open Enrollment.

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Can I change my DCFSA election during the year?

You may be able to increase, decrease, or stop contributions to your account during the Plan Year if you have a qualifying life event change. This change must be requested within 60 days of the qualifying life event. Refer to the Summary Plan Description (SPD) for more information.

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When will my DCFSA deductions from my paycheck start?

If you enroll during the Open Enrollment period, they will begin within two weeks after the start of the new Plan Year. If you are a new hire, they will begin within the next two pay periods after you enroll. If the deductions are not appearing on your paycheck, notify Employee Services immediately at 866-411-CSSC (2772), x20600.

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How often will my DCFSA contribution be deducted from my paycheck?

You will see a DCFSA deduction on every paycheck.

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Can I adjust the amount of my deductions so that I get more money taken out now rather than wait until the end of the Plan Year to meet my goal amount?

No. IRS regulations do not permit the manipulation of deductions in that way. We divide your goal amount evenly throughout the Plan Year so that your DCFSA deductions come out of every paycheck.

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If I have both a Dependent Care Flexible Spending Account and a Health Care Flexible Spending Account, can I transfer money from one account to the other?

No. These are two separate accounts with different eligible expenses.

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What happens to my DCFSA if I leave the Company?

If you leave the Company, your deductions will stop with your last paycheck. You can continue to submit claims for the remaining balance in your account until 9/30/2012 for claims incurred from 7/1/2011 – 6/30/2012, including expenses incurred after your termination date.

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What happens to my DCFSA when I go on a Leave of Absence?

Your participation in DCFSA will end on the date of your Leave of Absence. Expenses incurred while you are on a Leave of Absence are not considered eligible expenses and will not be reimbursed from your DCFSA. You will have 60 calendar days from your **return to work date** to re-enroll in the plan by processing the life event, "I Returned from a Leave of Absence," online. Your prior contributions will not automatically begin upon your return to work.

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Why does my DCFSA participation end while I am on a leave?

The IRS requires you to be actively working to participate.

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How does participating in DCFSA affect my standard dependent deductions on my Federal Income Tax return?

There is a federal tax credit available to people with dependent care expenses. It's up to you to decide whether to coordinate the DCFSA with the federal tax credit, or take advantage of only one. Your individual tax situation should be considered when making your decision. Please consult with a professional tax advisor when evaluating the best choice for you.

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What happens if I reach the \$5,000 (\$1,200 for HCE) calendar year maximum prior to the calendar year ending?

Because the DCFSA is governed by Internal Revenue Service (IRS) regulations and is subject to both Plan Year and calendar year (Jan 1 – Dec 31) limits, if you elect the annual maximum of \$5,000 (\$1,200 for HCE) for the Plan Year, your contributions may be adjusted or stopped to

ensure that you do not exceed the \$5,000 (\$1,200 for HCE) annual IRS maximum contribution for the calendar year. The IRS annual maximum takes priority over our Plan Year annual maximum. If your DCFSA contributions are adjusted or stopped, they will re-start with the first pay period in the new calendar year; however, you may not be able to meet your annual maximum contribution of \$5,000 (\$1,200 for HCE) in a full Plan Year.

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What happens if I don't have enough eligible expenses to meet my contribution amount?

You will lose any money left in your Dependent Care Flexible Spending Account. Your leftover balance will not be refunded to you and will not rollover to the following Plan Year.

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Who is considered an eligible dependent for the DCFSA plan?

Children under the age of 13 whom you claim as dependents on your federal income tax return and who live with you more than six months during the calendar year. Dependents age 13 or older who are physically or mentally incapable of self-care, who are claimed on your federal income tax return as dependents and who do not have gross income in excess of \$3,200. This may include, but is not limited to, your spouse, parents, parents-in-law, grandparents, brothers/sisters, grandchildren, stepchildren and adopted children. Eligible dependents must make your home their primary residence and you must provide over one-half of their financial support. Care provided for a dependent age 13 or older who is physically or mentally incapable of self-care is a qualifying expense only if the dependent regularly spends at least eight hours a day in your home.

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Does my dependent care provider (i.e. babysitter) need to be state licensed?

No. You are, however, required to provide the Tax I.D. or social security number of your dependent care provider when submitting a claim for reimbursement.

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Reimbursement Questions

What expenses are eligible for DCFSA reimbursement?

Eligible expenses for at-home care may be provided by a babysitter or childcare provider, nursing aid or an attendant for a disabled dependent or a person who, while caring for your dependent, does household work for you. Services outside your home include: a state licensed childcare or day-care center for adults or children, or day camp. Under this Plan, any person you claim as a dependent on your income tax return is not considered an eligible caregiver. For additional information, please review IRS Publication 503 on the www.irs.gov website, the Summary Plan Description for the Dependent Care Flexible Spending Account or contact UnitedHealthcare at 877-311-7849 or 888-633-0834.

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How do I get reimbursed for DCFSA expenses?

After you pay your dependent care provider, you will need to complete a UnitedHealthcare FSA/HRA claim form. You will also need copies of your receipt that shows your dependent care

provider's social security number or Tax I.D. number. Then, you submit the claim form and receipts to UnitedHealthcare directly and they will issue you a reimbursement. If accepted by your provider, you may also use your Consumer Accounts Card to pay for eligible dependent care expenses.

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Can I claim Preschool and Kindergarten as eligible expenses?

Preschool is an eligible expense. Only the day care portion of Kindergarten may be reimbursed not the school portion. If a full-day of Kindergarten is primarily for education, as may often be the case, it does not qualify as an eligible expense. If you need to be reimbursed for a portion of the expense such as a half day Kindergarten and a half day of day care, your provider must be able to split the expenses into the different charges; otherwise, you will not be reimbursed for any portion of the charge.

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Can I claim private school as an eligible expense?

For Kindergarten and up, you can only claim the day care portion, not the school portion.

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Can I claim my dependent's medical/dental/vision expenses for DCFSA?

No. DCFSA is only for dependent care expenses such as childcare, day care center for adults or children. Please refer to the Health Care Flexible Spending Account section for medical, dental and vision expense reimbursement.

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What if my dependent care provider does not issue receipts?

You can make a copy of your check and write down the social security number or Tax I.D. number of your dependent care provider on the copy and submit that along with your claim form.

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Can the reimbursement check be written directly to my dependent care provider?

No. This is a reimbursement program. IRS regulations require you to pay for the services first and then request reimbursement.

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Claims Filing

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Where can I get a claim form?

Please [click here](#) for the FSA/HRA Claim Form. You can print it out, complete it and mail or fax it to UnitedHealthcare. The address and fax numbers are on the form. This form is also available on

the Forms page.

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How often can I submit a claim?

You can submit claims as often as you like. Each claim must total at least \$25 except for the last month's reimbursement.

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How long does it take for me to get my money after I submit a claim form?

You can expect to receive your reimbursement check from UnitedHealthcare within three weeks of mailing the claim. You also have the option to enroll for direct deposit of funds into your bank account. Please visit www.myuhc.com or contact UnitedHealthcare at 877-311-7849 or 888-633-0834.

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I want to check on the status of my claim, who do I talk to?

You can call UnitedHealthcare at 877-311-7849 or 888-633-0834 for the status of outstanding reimbursement claims, contributions made to-date or for your current account balance. You can also view your contribution amounts and current account balance at www.myuhc.com.

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What happens if I submit a claim for an amount greater than my DCFSA balance?

You will not be reimbursed for more than what has actually been contributed to your DCFSA. UnitedHealthcare will automatically issue you a check for the remaining balance of your claim as soon as contributions are made from your next paycheck.

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When is the last day to file a claim?

All eligible claims must be received by UnitedHealthcare on or before the following dates:

- **9/30/2011** – For claims with service dates from 7/1/2010 – 6/30/2011
- **9/30/2012** – For claims with service dates from 7/1/2011 – 6/30/2012

The claims you submit must be for expenses you incurred while you were participating in the DCFSA Plan.

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What about the 2-1/2 month grace period allowed by the IRS?

The IRS allows flexible spending account (FSA) plans to have a 2-1/2 month grace period where expenses can be incurred 2-1/2 months after the end of the Plan Year and those expenses can be submitted for reimbursement. **At this time, Gap Inc.'s FSA plans do not allow a 2-1/2 month grace period.** Your expenses must be incurred on or prior to the end of the Plan Year to be eligible for reimbursement.

Consumer Accounts Card Questions

When you first enroll in either a Health Care FSA or Dependent Care FSA Plan you will automatically receive a Consumer Accounts Card from UnitedHealthcare, our FSA Claims Administrator. If you enroll in both the Health Care FSA and Dependent Care FSA, you will receive only one card which you can use for both plans. Keep in mind that these plans are entirely separate; therefore, funds cannot be transferred from one account to the other and the activity for each plan will be tracked separately.

Important Note: On the last day of the Plan Year, access to remaining funds in your Consumer Accounts Card ends at midnight, **east coast time**. If you are in a different time zone and lose access to funds in your Consumer Accounts Card before midnight, you will need to submit a manual claim form to request reimbursement for your eligible FSA expenses.

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- [How do I activate my Consumer Accounts Card?](#)
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What is a Consumer Accounts MasterCard® Card?

A Consumer Accounts Card provides you with a convenient way to access funds from your Health Care Flexible Spending Account (HCFSA) and Dependent Care Flexible Spending Account (DCFSA).

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How does the Consumer Accounts Card work?

You and your covered dependents can use your Consumer Accounts Card at approved locations that accept MasterCard® to pay for eligible expenses. The card is programmed with your personal account information, including the amount available under your plan. When you use your card to

pay for eligible expenses at the time of service, you don't have to submit a claim for reimbursement.

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Is there a fee to use the Consumer Accounts Card?

There is no cost to you to activate or use your card. UnitedHealthcare offers this card to you as an added convenience to access your FSA funds.

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How do I activate my Consumer Accounts Card?

Review all information sent to you, including the Terms and Conditions. Sign the back of the Card and then call the toll-free number on the activation sticker affixed to the Card to complete the activation process. Additional Cards sent to you for your dependents are to be signed by them. Only one phone call is necessary to activate all Cards. Your 2011 /2012 CAC can be activated as soon as you receive it, call the toll-free number listed on the back of the card to activate it. **Your cards will be ready to use one business day after your call but cannot be used until after the first payroll deduction after July 2, 2011.**

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What if I choose not to activate my Consumer Accounts Card?

If you decide not to activate your cards, you will need to complete and file an FSA/HRA claim form. For your protection, destroy your cards by cutting them up and discarding them.

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Who can use the Consumer Accounts Card?

You and any covered dependent(s) can use your Consumer Accounts Card at approved locations that accept MasterCard. Two cards are sent to you for your convenience and additional cards may be requested by calling Customer Service at 866-755-2648.

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How long is my Consumer Accounts Card valid?

The expiration date can be found on the face of the Card. It is valid for four (4) years from the date of issuance.

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How can I use my Consumer Accounts Card to pay eligible expenses?

If the location has a bankcard terminal that accepts MasterCard[®], you have money available in your account, and the expense can be authorized, you can use the card instead of paying out-of-pocket. When you are asked to select debit or credit, select credit, even though it says debit on your card. If you select debit, you will be asked for a PIN; however, your card does not require a PIN and the transaction will not authorize. Successful transactions transfer the money from your FSA directly to the provider, vendor or merchant. Before the transaction is complete, you will need to sign the receipt.

The Consumer Accounts Card will only authorize transactions at bankcard terminals programmed with valid merchant category codes that identify them as providers or businesses for approved services. If a device is not programmed with a valid code, your purchase will not be authorized. For

example, you will not be able to use your card at an ATM or gas station, or at a valid location that does not have the correct merchant category codes programmed. UnitedHealthcare does not issue the bankcard devices and they have no control over how each is programmed.

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What if I decide not to use my card anymore?

If you no longer wish to use your card, simply call UnitedHealthcare's Cardholder Services at 866-755-2648. This number is printed on the back of your card and in your card materials.

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What if my Consumer Accounts Card is rejected when I use it?

If your card doesn't work at the time of purchase or a transaction is declined:

- Choose another payment method, such as cash or check;
- Save your receipt and submit your claim manually along with a [FSA/HRA claim form](#) which is available in the Forms section of GapWeb or through [myuhc.com](#).

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What are some reasons why my Consumer Accounts Card transactions may be declined?

If your card is rejected, it may be because:

- Your card has not been activated.
- One business day has not passed since activation.

- There are insufficient funds in your FSA to cover the expense.
- The bankcard device where your card was swiped is not programmed with a valid merchant category code.
- There is a problem with the merchant's card terminal.
- You may be trying to purchase items not authorized for the DCFSA account.

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What do I do if I have a charge that exceeds the amount available in my FSA?

If you attempt to use your Card for an amount that is greater than the available balance in your FSA, the entire transaction will be declined. Fund balances are available online at www.myuhc.com, or by calling the number on your Consumer Accounts Card.

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Can I have a negative balance in my FSA?

Yes. The transaction information for the Consumer Accounts Card is updated daily. However, there could be an instance when the card is used on the same day that a manual claim is received and the amounts of both services combined results in a negative balance in your account. If this occurs, UnitedHealthcare will contact you to advise you of overpayment procedures.

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When are funds available in my FSA?

If you have a DCFSA, you can only withdraw funds that you have already contributed at the time of service. You cannot withdraw any money that you have not already put into your account.

When you contribute money to your DCFSA, a few days are required for processing before the money is available in your account. You can go online at www.myuhc.com or call the number on your Consumer Accounts Card before you receive services to ensure that funds are available in your account.

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What if my Consumer Accounts Card is lost or stolen and someone uses my funds?

If your card is lost or stolen, call the number on your Consumer Accounts Card immediately (1-866-755-2648). If you report the incident within four (4) business days, you will not be liable for fraudulent use. You may be liable, for a maximum of \$50, if you fail to report the loss within four business days. It is your responsibility to monitor your account activity and report any unusual or fraudulent transactions to UnitedHealthcare.

When you report a lost or stolen card, it will be deactivated immediately and new cards will be reissued.

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What type of records am I responsible for keeping when I use my Consumer Accounts Card?

Always keep a copy of your itemized receipts for all card transactions. The receipt must show the date the expense was incurred (not the paid date), the amount of the expense for which you are responsible, the provider of service, and a description of the service and/or expense. The IRS requires you to keep all documentation associated with reimbursement from your FSA in the event you are audited by the IRS. In addition, UnitedHealthcare may determine a particular transaction made with your Consumer Accounts Card requires additional review. If so, you will need to provide UnitedHealthcare with the same information you would supply to the IRS to prove that you

used your Consumer Accounts Card for eligible expenses.

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Will I receive a statement or report to detail my Consumer Accounts Card transactions?

You will receive a paper statement detailing the activity in your Flexible Spending Account on a semiannual basis to your home. These reports are also available online at www.myuhc.com.

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What if I need to see if activities on my Consumer Accounts Card were posted correctly before the paper statement is sent to me?

You can view your account activity via www.myuhc.com or by calling the customer service number on the back of your Consumer Accounts Card.

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How quickly can I see my account activity?

It takes 3 business days to settle the card transaction. Once the card transaction is received at UnitedHealthcare, the information is made readily available to you.

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What if I don't have access to the internet to view my online statements?

You may call the customer service number on the back of your card to obtain details about your

Consumer Accounts Card activities.

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Can I use the Consumer Accounts Card to pay for a bill I receive in the mail?

Yes. If your merchant or provider accepts MasterCard simply provide the Card number, expiration date, and any other information requested to pay eligible expenses.

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What if I have questions about my Consumer Accounts Card or my FSA?

Visit www.myuhc.com for answers to your questions about your Consumer Accounts Card and to obtain extensive information to help you manage your FSA, such as:

- Account balance information
- Recent transactions
- Instructions on Card use
- Eligible expenses
- Details about your specific plan

You may also call the toll-free number on your Consumer Accounts Card (1-866-755-2648):

- Card balance information
- Card transaction information
- Reporting a lost or stolen card
- Questions about a charge that appears on your card statement

- Questions about the card not working at a merchant
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