

GOODVILLE MUTUAL CASUALTY COMPANY

Flexible Spending Accounts

Introduction

Our Plan will be administered by The Harrison Group, Inc. which is located in Havertown, PA. The following is a summary of how your FSA's will operate.

How They Work

Flexible Spending Accounts enable you to set aside a predetermined dollar amount in an account to cover eligible out-of-pocket health care expenses throughout the year. IRS rules allow you to contribute to your account(s) through payroll deduction on a pre-tax basis — before federal income tax, social security, or (in most cases) state withholding taxes are deducted — reducing your taxable income and increasing your spendable income. Then, at the point-of-sale for these qualified expenses, you can access your funds by using your Debit Card. (Paper claims are also accepted.)

Available to You

Healthcare Flexible Spending Account: This account may be used to pay for healthcare expenses not covered under any other plan. Qualified expenses may include deductibles and coinsurance, prescription and office visit co-pays, dental coinsurance, orthodontics, medical equipment, eyeglasses and contact lenses, and over the counter medications, etc. The Plan Year maximum contribution amount is \$3,300.

Dependent Day Care Flexible Spending Account: This account may be used to pay for eligible dependent day care expenses with pre-tax dollars. Eligible expenses include, but are not limited to, before and after school programs, nursery or preschool tuition, summer day camp, or in-home care by a licensed provider. The maximum contribution amount for the Plan Year is \$5,000 for a married couple filing jointly, \$5,000 for a single parent, and \$2,500 for a married person filing separately.

General Provisions

- In order for expenses to be reimbursed from each Spending Account for the Plan Year, those expenses must be incurred by the end of the Plan Year.
- Elections may be made once per year and may not be changed unless there is a change in status. A change in status is defined as marriage, divorce, a death in the family and change in the employment of a spouse (see enclosed information on Change in Status).

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Use it, or Lose it

Whether you participate in a Healthcare FSA or Dependent Care FSA, you'll need to set your annual contribution goal amount(s) carefully. Estimate your anticipated out-of-pocket expenses as accurately as possible to put aside enough to cover them — without contributing more than you need. If you contribute dollars to either the Healthcare or Dependent Care, and do not use all of the monies you deposit, you will lose any remaining balance in the account at the end of the Plan Year.

Dependent Care FSA vs. IRS Tax Credits

As an alternative to a Dependent Care FSA, the IRS provides tax credits through the Child and Dependent Care Credit (Topic 602) if you rely on dependent day care in order to work. You can either participate in a Dependent Day Care Reimbursement Account or receive IRS tax credits, but you can't use the same expenses for both. So, you need to determine which tax-saving option is most beneficial for your family. Compare the advantages by calculating approximately how much you'll reduce your taxes with each method. Your decision depends on your overall childcare expenses, your household income and filing status.

Other Information

- The Plan Year is January 1, 2025, through December 31, 2025.
- Expenses incurred on or before December 31, 2025, for the Healthcare FSA can be reimbursed for the Plan Year, if submitted for reimbursement within 60 days after December 31, 2025. This 60-day period is known as the Run-out Period.
- Up to \$660 remaining in your Healthcare Flexible Spending Account at the end of the Run-out Period can be carried over to the next Plan Year.
- There is a Grace Period for the Dependent Daycare FSA which allows you to incur expenses up until March 15, 2026. Any expenses that have been incurred by March 15, 2026, must be submitted for reimbursement within the 60 days Run-Out Period after March 15, 2026.
- You will receive 2 debit cards in the mail 7 to 10 days after your enrollment is processed. If you are married, your spouse can use the second card, just by signing his or her name on the back of the card. If you are single, you can use the extra card as a backup in the event that you lose your card.

HEALTHCARE FLEXIBLE SPENDING ACCOUNT

This Healthcare Flexible Spending Account will allow you to pay for unreimbursed health care costs on a pre-tax basis. Allowable expenses are those medical, dental and other health care costs which are generally deductible on Schedule A of Form 1040 without regard to the exclusion of 10% of Adjusted Gross Income. You can use your debit card or submit claims for eligible expenses up to your election amount. Some of the more common expenses, which qualify as eligible expenses include the following:

Medical

Ambulance Services	Annual Deductible Amounts	Dermatologist
Doctor's Office Co-Pays	Hearing Test/Hearing Aids	Lab Work
Diabetic Treatment	Diabetic Supplies	Prescription Drugs
Psychiatrist	Sleep Apnea Evaluation	Surgery
Hospital Cost	Blood Test	Skin Cancer Exam
Allergy Test	Speech Therapy	Menopause Treatment
Chiropractic Care	Physical Therapy	Lesion Removal
Mole Removal	Echo Cardiogram	Gynecology

Dental

Acrylic Nightguard	Dental Implants	Fillings
Orthodontist – Braces	Root Canal	Cast Post and Core
Dental Surgery	Fluoride Treatments	Sealants
Crowns	Exams/Teeth Cleaning	Impressions
Tooth Extractions		

Vision

Contacts	Laser Surgery	Eye Exams
Glasses		

Over the Counter Items

Acid Controllers	Acne Medications	Allergy & Sinus Medications
Cough & Cold Medication	Menstrual Care Products	Pain Relief (Oral & Topical)

For a comprehensive list of allowable expenses, visit www.theharrisingrouponline.com.

DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT

This Spending Account is similar to the Health Care Flexible Spending Account, except that an employee is able to pay for dependent day care costs on a pre-tax basis. If an employee is reimbursed for these costs under a Cafeteria Plan, they may not use these expenditures in computing the Child Credit on Form 1040.

Reimbursement for dependent day care expenses may not exceed the following limits:

- A. \$5,000 (if an employee is a head of household or married and file a joint return) or \$2,500 (if an employee is married and files a separate return).
- B. Your tax compensation (after all compensation reduction arrangements).
- C. If an employee is married, the spouse's actual or deemed earned income.

For purposes of (c) above, an employee's spouse will be deemed to have earned an income of \$200 (\$400 if the employee has two or more dependents) for each month in which the employee's spouse is (1) physically or mentally incapable of caring for himself or herself, or (2) a full-time student at an educational institution.

Dependent Care FSA vs. IRS Tax Credits

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QUALIFYING DEPENDENT DAY CARE EXPENSES

Under our plan, you will be reimbursed only for dependent day care expenses that meet all of the following conditions:

1. The expenses are incurred for services rendered after the date of an employee's election and during the plan year to which it applies.
2. Each individual for whom an employee incurs an expense is:
 - (i) A dependent under Age 13 whom the employee is entitled to claim as a dependent (or a child or other dependent under Age 13 whom an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce) on the employee's federal income tax return, or
 - (ii) A spouse or other tax dependent (or child that an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce or who is physically or mentally incapable of caring for himself or herself).
3. The expenses are incurred for the care of an employee's dependent described above, or for related household services, and are incurred to enable the employee to be gainfully employed.
4. If the expenses are incurred for services outside the employee's household, they are incurred for the care of a dependent who is described in 2(i) above. If the expenses are incurred for services inside the employee's household, they are incurred for the care of a dependent who is described in 2(i) and they are incurred for at least 8 hours per day.
5. The expenses are incurred for services provided by a dependent care center (i.e. a facility that provides care for more than six individuals not residing at the facility). The center must comply with all applicable state and local laws and regulations.
6. The expenses must not be paid or payable to an employee's child who is under Age 19 at the end of the year in which the expenses are incurred.
7. The expenses may not be paid or payable to an individual for whom the employee or their spouse is entitled to a personal tax exemption as a dependent.

CHANGE IN STATUS

Generally, you cannot change your election, which you have made after the beginning of the Plan Year. However, there are certain limited situations when changes can be made. You are permitted to make a change if there is a change in status. Currently, Federal law considers the following events to be examples of a change in status:

- An employee is married, divorced, legally separated, annulment.
- An employee has a child or adopts a child.
- The death of the employee, their spouse and/or their child (children).
- The employee's spouse commences or terminates employment.
- The employee or their spouse's employment status changes from full-time to part-time or from part-time to full-time, a reduction or increase of hours, strike or lockout.
- An employee takes an unpaid leave of absence.
- A change in the residence or worksite of myself, my spouse or dependent.
- My dependent satisfies or ceases to satisfy the requirements for coverage.

The preceding events would qualify as a change in status. Unless an event is similar in nature to those listed, the event would probably not qualify as a Change in Status.