Contacting Us Has Never Been Easier!

We’re excited to share that our customer engagement center now handles all incoming calls, providing you with one set of colleagues dedicated to serving you – our valued customer. You may reach the customer engagement center at 800-662-1113.

However, please note that all previously used numbers still point to the customer engagement center, so it’s not necessary to memorize this new number. When you call, you’ll notice our menu options have significantly changed, so please listen carefully when making your selection.

Also, we know you may not operate in a typical 8-5 office setting, so we’ve updated our hours to better serve you. Our new, extended hours are 7am to 7pm CST. We look forward to speaking with you!

Go Mobile with AFmobile™!

Do your employees know about our mobile app, AFmobile™? It’s the simplest way for your employees to submit Health Flexible Spending Account (Health FSA), insurance, wellness, Health Reimbursement Arrangement (HRA), and Dependent Day Care Flexible Spending Account (Dependent Day Care FSA) claims from any device, making the reimbursement process easier than ever!

AFmobile™ allows customers to:

• File insurance and wellness claims;
• Upload and store receipt images for claims;
• Turn in Health FSA Card documentation;
• Check account balances;
• Review claim and deposit history; and
• Follow claim status.

Be sure to share this information with your employees so they can enjoy the efficiency and convenience of AFmobile™. Ready to see more? View a quick demo, and then have your employees visit the Apple App Store® or Google Play™ to download the app.

Online Service Center News

Introducing the Mobile-Responsive OSC

In 2014, mobile users overtook Internet users, making the smart phone the preferred device. This means your employees’ needs are changing, and with our secured Online Service Center (OSC), we are able to meet those needs and improve accessibility with a new mobile-friendly OSC.
What's New?

- The new mobile-friendly design allows employees to easily access their secured OSC portal and manage their accounts, including:
  - Review FSA history, including YTD deposits and available balance
  - File FSA, HRA, or insurance claims online
  - Check the status of a reimbursement submission
  - Upload additional requested documentation
  - View annuity plan balances, interest rates, and performing fund transfers
- An updated homepage with a dashboard makes it easier for your employees to find the information they want. They can quickly see what products and services they have with American Fidelity, download their policies, review claims, and edit personal information right from the homepage.
- Filing reimbursements and claims is easier. No matter where your employees travel throughout the site, they have easy access to begin the claim filing process.
- An updated contact form gives employees improved access to the customer care representatives they need – no more asking who their employer is.

Want to see more of the new mobile-friendly OSC? Watch the following tutorial video for a brief overview and walk through a preview of the site.

Help Employees Keep the Coverage They Value!

If you are ever in the unfortunate situation of losing an employee, please notify us as soon as possible. We are here to educate the former employee on his or her current benefits and offer the opportunity to continue some coverages on an individual basis, if available.

Our Online Service Center (OSC) offers two convenient ways to notify us that an employee is leaving or has left employment:

From the Billing tab:
- Click on Invoice Number
- Click “Reconcile this Bill Online”
- Click on “Terminate All Coverage”

From the Group Admin tab:
- Click on “Employee Information/Terminate Employee”
- Click “Search”
- Click on the employee’s name
- Click “Terminate Employee”

Using a paper bill? Simply enter charge code T on the employee detail line, enter the effective date, and deduct the amount billed for the employee. We can better assist the former employee if you notify us before or on the date employment ended. If you have any questions or need assistance letting us know when an employee has left employment, please call us at 800-943-2231.

Health Flexible Spending Accounts (Health FSA) News

Carryover Provision and Grace Period

A Health FSA can save your employees money by allowing them to set aside part of their pay, on a pre-tax basis, to reimburse themselves for eligible medical expenses. Your organization’s Health FSA can include one of the options below that may help your employees take full advantage of their Health FSA dollars. It’s up to you to decide which feature to include – or none at all.

You have three options for the end of the plan year:

1. Grace Period
2. Carryover up to $500
3. Neither Grace Period nor Carryover Provision

Grace Period: If you choose to include the Grace Period in your Section 125 Plan, it will allow participants to access unused amounts remaining in their account at the end of a plan year to pay or reimburse expenses for qualified medical expenses incurred during a Grace Period of up to 70 days after the end of the plan year.

Example: If your plan year runs from January 1 to December 31, the Grace Period for that plan may continue up to March 10. If an employee incurs an expense after December 31 but by March 10, he or she may utilize the remaining funds from the previous plan year and submit requests for reimbursement. Participants may also have an additional Run-Off period, during which they can submit reimbursement requests for expenses incurred during the plan year and Grace Period.

Don't Confuse “Grace Period” With “Run-Off Period.” A Grace Period extends the coverage period and time during which expenses may be incurred. It is different from a claims Run-Off period, which extends the time for submitting expenses for reimbursement that were incurred prior to the end of a coverage period.

Carryover Provision: IRS guidance allows Section 125 Plans to offer a Health FSA Carryover of up to $500 per eligible Health FSA participant at the end of a plan year, to be used for qualified medical expenses incurred in a subsequent plan year.
Example: If a participant in a calendar year Section 125 Plan had $500 remaining in his or her Health FSA at the end of 2015 (or at the end of the Run-Off period), instead of being forfeited, that $500 would be carried over and available to pay claims in 2016.

Comparison of the Carryover Provision and the Grace Period: Health FSAs with Carryovers from a plan year cannot also have a Grace Period with respect to that year. For example, if unused amounts can be carried over from the 2015 plan year to the 2016 plan year, the Health FSA cannot also have a Grace Period during the first 70 days of the 2016 plan year. Thus, employers must decide whether to offer the Carryover Provision, a Grace Period, or neither. Both the Carryover Provision and Grace Period have the potential to reduce forfeitures and year-end spending. However, a Carryover allows unused funds to remain available for a longer duration than the Grace Period, perhaps even indefinitely, rather than 70 days under the Grace Period. On the other hand, the Grace Period applies to all unused funds, while the Carryover amounts are subject to a $500 limit. In addition, the Grace Period’s 70 day duration allows possible HSA eligibility after the first three months of the new plan year (i.e., beginning April 1 for calendar-year plans). Employees must include a Carryover or Grace Period provision in their Section 125 Plan document if you decide to use either.

Summary of HSA Carryover Guidance: Anyone who is eligible for a Health FSA that covers a broad range of medical expenses (General Purpose Health FSA), even if only due to the $500 Carryover, is not an eligible individual for HSA purposes for the entire plan year, regardless of when the Health FSA amounts are reimbursed during the plan year. A plan may permit (or automatically treat) anyone who is eligible for a Carryover from a General Purpose Health FSA to elect the Carryover be used for a limited purpose HSA compatible FSA (Limited Purpose Health FSA) (but no other type of FSA, such as Dependent Day Care Flexible Spending Account). If a participant elects to carry over amounts from a General Purpose Health FSA to a Limited Purpose Health FSA, claims should be paid from the General Purpose Health FSA during the Run-Off period and once the Carryover amount is determined, claims can be paid from the Limited Purpose Health FSA from the Carryover amount. Any newly elected amount for the plan year for the Limited Purpose Health FSA must otherwise be available for claims reimbursement from that Health FSA until the Carryover amount is determined.

How does an employee switch from General Purpose Health FSA to Limited Purpose Health FSA? The employee should notify the employer or the American Fidelity representative prior to the beginning of the new plan year, if he or she would like to switch from a General Purpose Health FSA to a Limited Purpose Health FSA. The employer’s Section 125 Plan must have Limited Purpose Health FSA as an option under the plan. The employer will need to contact American Fidelity and provide the necessary information.

Summary of HSA Grace Period Guidance: Anyone who has an unused year-end balance in a General Purpose Health FSA with a Grace Period, the Grace Period extends the participant’s period of HSA ineligibility. The participant is not eligible to contribute to an HSA until the first calendar month commencing after the Grace Period. However, anyone with a $0 balance at plan year-end under a General Purpose Health FSA with a Grace Period can disregard that Health FSA coverage and be HSA eligible during the Grace Period.

Example One – Carryover to Limited Purpose Health FSA: The employer offers both a General Purpose and a Limited Purpose Health FSA. The Health FSAs have a calendar year plan year, have a 90-day Run-Off period, and permit Carryovers of up to $500. Claude has an unused General Purpose Health FSA amount of $600 on December 31, 2014. Prior to that date, he elected qualified High Deductible Health Plan coverage and salary reductions of $2,500 under Limited Purpose Health FSA for 2015. He also elected to have any General Purpose Health FSA Carryover go to the Limited Purpose Health FSA. In January 2015, Claude submits $1,000 of dental expenses incurred during 2015 and is reimbursed for those expenses from the Limited Purpose Health FSA. In February 2015, Claude submits $300 of medical expenses incurred in 2014 and is reimbursed for those expenses from the General Purpose Health FSA. At the end of the Run-Off period, $300 remains in the General Purpose Health FSA and is carried over to the Limited Purpose Health FSA. Claude now has $1,800 available in the Limited Purpose Health FSA to be used for eligible medical expenses incurred in 2015 or carried over to 2016 (up to $500). Claude may contribute to an HSA as of January 1, 2015.

Example Two – General Purpose FSA with Grace Period Adversely Affects HSA Eligibility: Joe and Mary’s employer adopts a 70 day Grace Period in 2014 for its calendar year General Purpose Health FSA. As of December 31, 2014, Joe has $500 remaining in his Health FSA account, and Mary has $0 in her Health FSA account. Because of the Grace Period, Joe can use the $500 for eligible medical expenses incurred between January 1, 2015 and March 10, 2015. Joe will not be eligible to contribute to an HSA until April 1, 2015 (note that he must also have qualified HDHP coverage and no other disqualifying coverage at that time). However, Mary will be eligible to contribute to an HSA as of January 1, 2015 (assuming she has qualified HDHP coverage and no other disqualifying coverage), because she had a $0 Health FSA balance as of the last day of the 2014 plan year. Please note that if Mary and Joe are married, Mary is NOT eligible to contribute to an HSA as of January 1.
**Example Three – Conversion to Limited Purpose Health FSA during Grace Period:** Assume the same facts as above except that Joe’s employer has amended its Health FSA plan to convert it to a Limited Purpose Health FSA during the Grace Period. Joe will be eligible to contribute to an HSA as of January 1, 2015 (assuming he has qualifying HDHP coverage and no other disqualifying coverage).

Make sure your employees know about all of their options with your organization’s Health FSA Plan.

**An Easy Way to Shop**

Customers now have access to FSAstore.com to purchase eligible medical items, including over-the-counter medicines, contact lens solution, Band-Aids, diabetic supplies, sun screen, vitamins and more! Also, items purchased on FSAstore.com will be sent directly to the participant’s home.

The site only includes items that are eligible for reimbursement from a Health FSA. Over-the-counter medications that require a prescription from a physician for reimbursement are indicated on FSAstore.com.

Here’s how employees may benefit from FSAstore.com:

- They may purchase Health FSA eligible items and have them shipped directly to their homes;
- If they spend $50 or more, they qualify for free shipping;
- They may easily submit prescriptions for applicable, over-the-counter items;
- Items purchased with their Health FSA cards don’t require documentation to be submitted; and
- If they don’t have Health FSA cards, they may pay on their own and file for reimbursement.

Make sure your employees utilize this great resource for their Health FSA dollars. It is a great way to use up any existing funds by the end of the plan year!

**Health FSA Cards and the Importance of Auto-Adjudication**

Auto-adjudication is the process of verifying whether or not an expense is eligible for reimbursement under the Health FSA without further substantiation required.

**How can I help my employees maximize this opportunity?**

- Provide any employer group health plan copayment and the participants in each plan to American Fidelity.
- Employees may notify American Fidelity of recurring charges so they are auto-adjudicated for the remainder of the plan year.

**What if it doesn’t qualify for auto-adjudication?**

Your employees are required to submit documentation to American Fidelity just as if it was a non-Health FSA Card claim. Your employees will receive notice in green envelopes explaining necessary documents.

**Health Savings Accounts (HSA) News**

**New Limits for 2016**

In Revenue Procedure 2015-30, issued May 5, 2015, the IRS provided the inflation-adjusted HSA contribution and HDHP minimum deductible and out-of-pocket limits for calendar year 2016. The higher rates reflect a cost-of-living adjustment and rounding rules under Code Section 223.

**The updated figures are as follows:**

**HSA Maximum Annual Contribution Limits**

- Self-only HDHP coverage: $3,350* (no change from 2015)
- Family HDHP coverage: $6,750* (up $100 from 2015)

*However, an individual who has reached the age of 55 by the end of the calendar year may contribute an additional $1,000 per year.

**HDHP Minimum Required Annual Deductibles**

- Self-only coverage: $1,300 (no change from 2015)
- Family coverage: $2,600 (no change from 2015)

**HDHP Out-of-Pocket Maximums**

Includes deductibles, copayments and other amounts, but not premiums.

- Self-only coverage: $6,550 (up $100 from 2015)
- Family coverage: $13,100 (up $200 from 2015)

For additional questions, please contact us at 866-326-3600 or email hsa-support@americanfidelity.com.
Leave of Absence Management News

Your Leave of Absence Management Solution

While it may seem straightforward for employers to determine who qualifies for family medical leave (FML), you may find it to be a very complex process. Managing leave requires an understanding of several different areas, including compliance and payroll.

We offer leave of absence administration through our service provider, ComPsych, who offers a convenient alternative to internally administering FML, which may help you reduce your FML costs and overall liability risk. This comprehensive solution is perfect for large employer groups, as well as small- to medium-sized organizations with fewer resources looking for ways to simplify their internal process and save money.

ComPsych provides guidance on FML requirements and employee eligibility, handles administrative tasks, coordinates the leave benefit on your behalf, and trains you on how best to apply FML.

Additional features and benefits include:

- Readily available expertise and consultation
- Lower administrative costs and improved efficiency
- Decreased liability risk from FML benefits administration
- Consistent application of FML policies

In addition to FML, ComPsych also offers a solution to Americans with Disabilities (ADA) leave administration that seamlessly integrates with its FML services. By offering this service, ComPsych helps employers comply with leave of absence requests covered under both FML and ADA.

COBRA Administration News

The Importance of COBRA

Recently a court awarded over $80,000 to a woman who sued her former employer for failing to provide her with a COBRA election notice for its group dental plan. The employer stated that it was an innocent mistake resulting from confusing employee records and complicated processes. However, the court found that the notice had been withheld intentionally and imposed a penalty of $75 per day.

This case provides a compelling reminder of the importance of providing COBRA election notices on a timely basis to all qualified beneficiaries who are eligible to elect it. The failure to provide even one notice to one employee can have significant financial consequences – penalties of up to $110 per day. It’s easy to imagine how a single plan notice might be overlooked during day-to-day business operations.

To minimize your risks, make sure you establish and follow comprehensive COBRA processes under which all required notices are diligently prepared and distributed in a timely fashion. If you have questions about how to adhere to the strict COBRA guidelines or need assistance with COBRA procedures, please contact us.

Patient Protection and Affordable Care Act (ACA) News

Assistance with ACA Reporting

The ACA requires large employers and employers that sponsor self-funded medical plans to report extensive and detailed data for the calendar year that began January 1, 2015. All employers with more than 50 full-time equivalent employees are required to provide information to employees and the Internal Revenue Service (IRS) regarding their access to Minimal Essential Coverage (MEC) under Internal Revenue Code (IRC) Section 6055 and, with respect to full-time employees as defined by the ACA, information of an offer of adequate and affordable coverage under IRC Section 6056.

While employers with fully-insured major medical plans can rely on the insurer to submit the information on MEC, those with insured and/or self-funded major medical plans have the responsibility to report the information under IRC Section 6056 of the offer of adequate and affordable coverage to each full-time employee.

This information must be reported using IRS Forms 1094-C and 1095-C. Reporting for each calendar year is due to employees by January 31 and to the IRS by March 31 (if filed electronically) of the following year.

To determine what forms you need to file, refer to this flow chart.

More Information Is Available on Our Upcoming Webinars

If you do not yet have plans in place to complete the required forms, please join us for a webinar that will provide line by line instructions on how to complete the forms, as well as provide you with an opportunity to ask questions. Space is limited, so register today for December 8, 2015 or January 7, 2016.

Annuity News

Reminder to Review Your 403(b) Plan

The end of the year is a great time to review your 403(b) Plan to make sure you, as the Plan Sponsor, are operating your 403(b) Plan properly. A regular review of your 403(b) Plan’s documents and basic operations can help you keep your plan in compliance. To get you started, the following are some of the areas that should be reviewed.
**Are the terms of your 403(b) Plan being followed?** It’s important to make sure you are limiting contributions, including catch-up contributions to the permitted annual limits, making payroll deductions based on the current salary reduction agreement, limiting loan amounts and enforcing loan repayments, and documenting hardship withdrawals.

**Are all eligible employees given the opportunity to make a salary deferral?** It’s critical to understand which employees you may exclude from the 403(b) Plan and that you are providing proper annual notification to employees of their eligibility to participate in the 403(b) Plan.

**Do you currently limit entry into the plan to a specific period of time?** If so, it is important that you follow the written Plan rules. You can also use this review to assess if you need to make a change to entry dates into the Plan.

Anything that needs to be corrected or amended should be completed as soon as possible or at least by the end of the Plan year in which the change applies. Another important part of your review is to evaluate your approved vendors to ensure they are complying with their responsibilities under the information sharing agreements they have executed with your Plan. If you are not receiving information from an approved vendor, or if a vendor is not complying with the terms of the agreement, you should contact the vendor immediately or your third party administrator.

American Fidelity’s third party administration entity, AFPlanServ, provides services at a reasonable cost to help you keep your 403(b) Plan stay in compliance with the Internal Revenue Code. AFPlanServ’s dedicated staff can assist you with the ongoing administrative duties of your 403(b) Plan.

If you would like more information about AFPlanServ and the services they provide, please contact your American Fidelity account manager.

### 2016 Qualified Retirement Plan Limits

**No change in limits from 2015**

- Elective employee contribution for 403(b), 401(k), and 457(b) Plans: **$18,000**

  **The 457(b) Plan limit is not an aggregated amount. So a participant may contribute $18,000 to a 403(b) Plan and an additional $18,000 to a 457(b) Plan. However, the 403(b) and 401(k) Plan limit is aggregated together; not to exceed $18,000.**

- Additional contribution for individuals 50 or over: **$6,000**

- Combined annual contribution (employer and employee) for 403(b) Plans: **$53,000**

- Combined annual contribution (employer and employee) for 401(k) Plans: **$53,000**

**2016 Traditional and Roth IRA Limits**

**No change in limits from 2015**

- Traditional IRA: **$5,500**

- Spousal IRA: **$5,500**

- Roth IRA: **$5,500**

- Additional contribution for individuals 50 or over: **$1,000**

If you have any questions concerning the contribution limits for 2016, please contact us at **800-662-1106.**

### Benefits News

**Third Party Sick Pay Reports for W-2s**

Did you know you can access monthly and quarterly Third Party Sick Pay reports on the OSC? (If you don't already have an account, visit [www.americanfidelity.com/myaccount](http://www.americanfidelity.com/myaccount) and click the Administrator box.) Once logged in, you can find reporting under the Group Admin/Sick Pay Reports section. You can view both monthly and quarterly reports, plus gather this data for completing your employees’ W-2s.

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**SB-30183-1215**

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