

# Benefits BULLETIN

January 2007

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## Significant Dates for Vanderbilt PSA Enrollees and FRA Recipients

Participants in Health Care and Dependent Care Personal Spending Accounts (PSAs) and recipients of the Vanderbilt Flexible Reimbursement Account (FRA) need to be aware of important dates pertaining to access and handling of the monies in these accounts.

Enrollees must submit claims by the respective deadlines. Remember, Personal Spending Account expenses must be incurred by the end of the IRS grace period and those expenses claimed by the deadline or the money will be lost. See timeline below for details.

At the beginning of each year, everyone's FRA balance is zero until payroll deposits begin. Remember, prior year FRA balances cannot roll over until both the claims deadline has passed and year-end accounting is complete. Therefore, the FRA roll-over cannot occur until May. **B**

DECEMBER 31, 2006	JANUARY 1, 2007	FEBRUARY 28, 2007	MARCH 15, 2007	APRIL 15, 2007	MAY 2007
<p>Last day to incur expenses against 2006 FRA.</p> <p>Last day to use health care card to pay for 2006 Health Care PSA expenses. (Through April 15 you must submit paper claim to access 2006 funds.)</p>	<p>– 2007 Health Care PSA funded at your annual election</p> <p>– 2007 Dependent Care PSA funded upon your payroll date (equal amounts per month)</p> <p>– 2007 FRA funded upon payroll date (\$25 monthly)</p>	<p>Last day to submit claims for 2006 FRA reimbursement.</p> <p>(Mailed forms must be 'received by' not 'postmarked by' February 28.)</p>	<p>Last day to incur expenses against 2006 Health Care and Dependent Care PSA.</p>	<p>Last day to submit claims for 2006 Health Care and Dependent Care PSA reimbursement.</p> <p>(Mailed forms must be 'received by' not 'postmarked by' April 15.)</p>	<p>Your 2006 FRA balance, if any, rolls over to 2007.</p>

## Retirement Plan News

### Contributions Limits Increase

The Internal Revenue Service has increased the voluntary contribution limits to 403(b) retirement plans for 2007. For those faculty and staff who are 50 years of age or older, the 2007 contribution limit is \$20,500. For those under 50, the limit is \$15,500.

### "Brown Bag" Sessions

The Brown Bag Lunch & Learn sessions are starting up for 2007, beginning January 23 with a presentation by AIG VALIC on "Getting the Most out of the Vanderbilt Retirement Plan: Increased Contribution Limits for 2007." The informative session will be held noon–1 p.m. in Light Hall, Room 202. **B**

## IRS Provides 'Transition Relief' for Health Care Card Use

The Internal Revenue Service has postponed placing restrictions on the types of merchants at which the WageWorks VISA debit card can be used. The latest IRS notice offers a one-year transition period to supermarkets, grocery stores, discount stores, and wholesale clubs to allow them time to put inventory control systems in place that could enable them to accept health care debit cards. (The IRS Notice 2007-2, amends the article printed in the December 18 issue of *Vanderbilt Register* and the December issue of *Benefits Bulletin*.)

"In short, this means that certain merchants will be able to accept the WageWorks VISA debit card to pay for eligible expenses throughout 2007," said Jane Bruce, HR director. "This is great news, but everyone must remember to save receipts."

In 2006, some transactions were audited and WageWorks required

card users to submit a receipt to prove that a given purchase was a qualified health care expense.

"In 2007, health care card users should expect that nearly all card transactions will require faxed or mailed receipts," said Bruce.

The IRS 'transition relief' is not extended to health care card transactions at department stores and colleges/universities. Those merchant types are still excluded beginning January 1, 2007. (Note: *The Vanderbilt pharmacies are not included in the restricted merchant category.*)

For more information, visit the benefits tab of the HR Web site (<http://hr.vanderbilt.edu/benefits>) or the WageWorks Web site (<http://www.wageworks.com/irs.htm>). **B**



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