

INSTRUCTIONS FOR ESTABLISHING A HEALTH CARE FLEXIBLE SPENDING ACCOUNT (FSA)

Step 1: Pastors - Church Officials -- PLEASE read thoroughly the FAQ - Frequently Asked Questions and the Summary Plan Document so you are familiar with the pros and cons of having a FSA

Step 2: If the pastor determines that he wants to participate in the Health Care Flexible Spending Account, he completes the Medical Expense Worksheet to estimate his medical expenses for the next year based on his current year's expenses.

Step 3: When the pastor meets with his Stewards/ Finance Committee to set his salary for the next year, he presents his request to have \$_____ withheld from his paycheck, pro-rated according to the number of pay periods for the year to be credited to a Flexible Spending Account in his name.

Step 4: The pastor determines the amount to be withheld, which cannot exceed the maximum of \$4000, which includes the \$500 church (employer) and the amount designated by the pastor (employee).

Step 5: The Flexible Spending Account Plan Form (page 1 of the Summary Plan Document) and the Flexible Spending Account Agreement Form are completed and presented to the Local Conference for adoption when the pastor's compensation package is approved.

Step 6: As part of the adoption of this plan, a person in the church is designated as the 'Church Agent for Service for Review of Claims'.

Step 7: With each paycheck, the designated amount is withheld from the pastor's paycheck and credited to an interest-free account. This can be an on-paper account only, which shows the pay-roll deduction credited to the account and the amount paid out in reimbursements as a deduction to the account. Any funds remaining in the account at the end of the year are non-transferable either to the church or the pastor and must be remitted to the Plan Administrator, the EC Church Benefits Corporation, as per IRS Code Section 125.

Step 8: Each month the pastor can submit his out-of-pocket medical expenses for reimbursement from his account as per the specifics as explained in the EC Church Benefits Corporation Plan Summary Document.