

## **City National Bank Flexible Spending Accounts (FSA)**

- **Commuter Benefit**
- **Dependent Care FSA**
- **Health Care FSA**
- **Limited Purpose Health Care FSA**

Flexible Spending Accounts (FSAs) enable you to set aside money on a pre-tax basis to pay for certain eligible out-of-pocket expenses. The election of an FSA means you pay less in taxes in two ways: first, you reduce your annual taxable income by the amount you have set aside in the FSA; second, you never pay taxes on the money that is in the FSA, even when you receive reimbursements.

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## MANAGE YOUR FSAs

***ONE Platform for Colleagues to Access Commuter, Dependent Care, Health Care and Limited Purpose Health Care***

To obtain your account balance(s), upload claims, and set up reimbursement options:

- Register at: <https://benefitslogin.wexhealth.com/>
- Go to New User Section and click on Get Start
- Follow steps within the registration process

If you have any questions or concerns regarding completing your registration, don't hesitate to get in touch with WEX at **(866) 451-3399**, Monday through Friday, 6:00 a.m. to 9:00 p.m. CST

## IMPORTANT NOTE:

***Same "Benefits Card" is used for all of the Flexible Spending Accounts.***



## ABOUT FSA's

### COMMUTER BENEFIT

The **COMMUTER Benefit** lets you set aside money from your paycheck on a pre-tax basis to use for eligible parking and/or transit expenses. Since this program allows for tax-savings, it is regulated by § 132 of the Internal Revenue Code of Internal Revenue Service (IRS).

#### CONTRIBUTION AMOUNTS

There are limits to how much you can set aside into your parking and/or transit account. Below are the IRS maximum pre-tax contributions for 2025.

- **PARKING:** \$325 per month
- **TRANSIT:** \$325 per month

#### MAKING CHANGES

You can make changes or stop your contributions at any time. The parking and transit plans changes are done through Me@CNB under the Life Event section.

### DEPENDENT CARE FSA *(for child or adult daycare)*

The Dependent Care FSA (DCFSA) allows you to pay for child or adult dependent care expenses (e.g., daycare, not health care for your dependent) on a pre-tax basis so you can continue to work. Your contributions accumulate each payroll period. Unlike a health care FSA, you can only be reimbursed up to the current balance in your Dependent Care FSA.

Examples of eligible Dependent Care FSA expenses include:

- Daycare facility fees (excluding transportation, lunches and educational services)
- Before-school and after-school care, a day camp for children under the age of 13
- In-home babysitting fees paid to a non-dependent relative, (your care provider must claim income)
- Nursery school and preschool (preschool expenses are eligible if the amount you pay for schooling cannot be separated from the cost of care)

#### DEPENDENT CARE FSA CONTRIBUTIONS

The maximum amount that you can contribute to your DCFSA account is based upon your total compensation at City National in the prior calendar year and your "Highly Paid" or "Non-Highly Paid" status as defined by Internal Revenue Code as follows:

Prior Year Compensation*	Maximum DCFSA Contribution for Current Year
\$155,000 or more	<b>\$3,000 for the calendar year.</b>
Less than \$155,000	<b>\$5,000 for the calendar year.</b>

**\* The compensation threshold is subject to annual adjustment by the Internal Revenue Service.**

Coverage Period to Incur Eligible Dependent Care FSA Expenses

Dependent Care FSA "coverage period" BEGINS on the LATER of:	Dependent Care FSA "coverage period" ENDS on the EARLIER of:
<ul style="list-style-type: none"><li>• January 1 of the applicable plan year, or</li><li>• The date during the plan year you join the DCFSA</li></ul>	<ul style="list-style-type: none"><li>• March 15 of the following year, or</li><li>• The date during the applicable plan year that your dependent no longer satisfies the Eligibility Requirements</li></ul>

## HEALTH CARE FSA *(not available to colleagues enrolled in Anthem HDHP medical plan)*

The Health Care FSA (sometimes referenced as a Medical FSA) can be used to reimburse yourself for eligible medical, prescription drug, dental and/or vision care expenses for you and your eligible dependents that are not reimbursed by any insurance plan. Examples include:

- Deductibles, copayments and coinsurance
- Prescription drugs, copayments
- Eye examinations, glasses, contacts, LASIK
- Hearing examinations
- Orthodontic expenses

The money you contribute towards your Health Care FSA accumulates each payroll period. However, your total annual contribution is available for use as early as January 1 (for new hires it is available the day your CNB Benefits become effective).

## LIMITED PURPOSE HEALTH CARE FSA *(available only if enrolled in the HDHP medical plan)*

The Limited Purpose Health Care FSA works similar as the Health Care FSA except for the following:

- It is compatible with a Health Savings Account (HSA) and can only be used to reimburse yourself for eligible dental and vision expenses for you and your eligible dependents that are not reimbursed by any insurance plan.
- The Limited Purpose FSA **cannot** be used for medical and/or prescription drug expenses.

## CONTRIBUTION AMOUNTS - HEALTH CARE OR LIMITED PURPOSE HEALTH CARE FSA

The maximum amount that can be contributed during the 2025 calendar year to the Health Care FSA or Limited Purpose Health Care FSA is **\$3,300**. Be sure to estimate carefully; any unused money in your Health Care FSA is forfeited at the end of the "Coverage Period."

Health Care FSA "coverage period" BEGINS on the LATER of:	Health Care FSA "coverage period" ENDS on the EARLIER of:
<ul style="list-style-type: none"><li>• January 1 of the applicable plan year, or</li><li>• The date during the plan year you join the health care FSA</li></ul>	<ul style="list-style-type: none"><li>• March 15 of the following year, or</li><li>• The date during the applicable plan year that your participation in the health care FSA ended.</li></ul>

## COVERAGE PERIOD TO INCUR ELIGIBLE FSA EXPENSES

**Health Care / Limited Purpose Health Care / Dependent Care FSA 2 ½ month rule:** You have until March 15 of the following year (an extra 2 ½ months after the end of the plan year) to incur expenses against your prior plan year health care and dependent care FSA account provided you were participating as of December 31 of that plan year. Example: For a colleague participating through December 31, 2025, qualified health care or dependent care expenses incurred through March 15, 2026, can be claimed against the colleague's 2025 health care or dependent care FSA.

## Frequently Asked Questions (FAQs)

### General FAQ for Commuter, Dependent Care, Health Care, and Limited Purpose Health Care FSA

#### Where can I get my account balance information?

Account balances are available online at <https://benefitslogin.wexhealth.com/>. Your account will show all contributions and disbursements made – whether it was a cash reimbursement or a Benefits Card purchase. If you prefer, you can also call WEX at 866-451-3399, Monday through Friday, 6:00 a.m. to 9:00 p.m. CST

#### What if I terminate my employment?

- Commuter expenses incurred after your termination date are not eligible for reimbursement through this plan, even if you commute to another job. You have 180 days to file claims for expenses incurred while still employed at CNB. If you cannot use all the money in your account, you will forfeit the balance. If you do not wish to have your last Commuter Benefit deduction taken from your final pay, please notify [Benefits@cnb.com](mailto:Benefits@cnb.com) in writing before your last day of work.
- You may file for reimbursement of eligible expenses with the Dependent Care, Health Care and Limited Purpose Health Care FSAs incurred through the end of the month in which your employment terminates.

#### Are FSAs COBRA eligible benefits?

- Commuter and Dependent care FSAs are **NOT** available under COBRA.
- Health Care and Limited Purpose Health Care FSAs **ARE** considered group health plans and are subject to COBRA. For colleagues who have not overspent their account, the limited COBRA coverage stops at the end of the plan year in which COBRA was first offered.

#### What if I go on a leave of absence?

- You are not eligible to participate in the Commuter Benefit while on leave of absence. If your participation is canceled due to leave, re-enrollment is not automatic.
- You are **NOT** eligible to participate in the Dependent Care FSA while on leave of absence. If your participation is canceled due to leave, reenrollment is not automatic. The IRS only permits participation when the expenses claimed enable you to work. Therefore, your participation will be suspended the first of the pay period on or after you go out on leave. If you wish to participate, you can re-enroll upon your return to work in an eligible status through Me@CNB > Myself > Life Event > Elect the Dependent Care change.
- **As long as accrued sick pay and/or vacation hours are available and used**, your contribution will automatically be made through a payroll deduction. **However, when you are no longer receiving pay from the bank, please email [leaveofabsence@cnb.com](mailto:leaveofabsence@cnb.com) for assistance and payment arrangements.** If you do not make payments every four weeks to continue your Health Care FSA after you are no longer receiving pay from CNB, you will not be eligible to receive reimbursement for expenses incurred during the period that you are not contributing to the account.

### Commuter Benefit - Transit/Parking FAQs

#### Who is eligible to participate?

The Commuter Benefit is available to colleagues who are eligible for benefits (i.e., regularly scheduled to work at least 30 hours per week). Eligible colleagues with qualified expenses can participate in the Transit FSA, the Parking FSA, or both.

#### What are qualified expenses?

Expenses must be related to your commute between home and work (*based on your employment with CNB*) as follows:

**For the Transit FSA:**

- You pay for your work commute on a bus, train, subway, or ferry, ticket passes, and fares.
- Expenses **NOT** covered include bridge tolls, toll road fees, or mileage.

**For the Parking FSA:**

- Expenses you pay to park at a mass transit facility ("Park & Ride").
- Expenses you pay to park at or near your workplace IF you pay out of pocket directly to the lot.
- Expenses NOT covered: If you pay for monthly parking costs at a CNB location by payroll deductions, these deductions are already taken pre-tax and are NOT eligible for reimbursement under this plan.

**Why would I want to participate in this program?**

To save taxes! If you have qualified commuter expenses, the funds you elect to contribute to this plan are exempt from federal income tax, social security, and Medicare taxes. In most states, these amounts are also exempt from state income tax. Contributions deducted are on a pre-tax basis and deposited account in your name for this benefit.

**How does it work?**

Colleagues who want to participate in the Commuter Benefit can enroll, change or stop the amount that they contribute to their Commuter Benefit at any time during the year. When enrolling, you will make an election based on your monthly out-of-pocket transit or parking expenses, up to **\$325** for each. That amount is divided by 2, which is deducted from your paycheck twice a month. Once funds are deducted from your paycheck and deposited into your Commuter Benefit account, you can begin using the Benefits Card to purchase transit or parking products or submit claims for reimbursement. Participants choosing to submit paper claims for reimbursement will be issued a check.

Participants can also request direct deposit of their reimbursements by simply completing and submitting a Direct Deposit form to WEX Health Inc. Funds will be directly deposited into the participant's bank account 3-5 days from receipt of the claim(s) if the claim is approved. Your enrollment and your remaining funds will automatically roll into the next plan year, and you will continue to participate in the Commuter Benefit plan.

**When and how can I make changes or terminate my Commuter Benefit?**

You can make changes or terminate through Me@CNB under the Life Event Section.

**How am I reimbursed?**

Reimbursement is by debit card or by filing a paper claim form.

- Your Benefits Card can be used at qualified vendors to purchase transit passes or cards. This way, you will not have to pay for expenses out-of-pocket and wait for a reimbursement. Qualified vendors include transit stations that accept Visa.
- If you enroll in the Commuter Benefit, you will automatically receive a Benefits Card in the mail – unless you are already enrolled in another FSA (i.e. Health Care FSA or Dependent Care FSA), in which case your Commuter Benefit balance will automatically be added to your existing Benefit Card.

**What is the deadline for submitting claims?**

Claims must be submitted no later than 180 days after the service date. Reimbursement is limited to the amount you have contributed (up to the plan limit). After termination from the plan or termination of employment, there is a 180-day grace period during which a claim for an expense can be submitted.

**Why would the amount of my reimbursement be less than the claim I submitted?**

There are a few reasons why this might happen:

- You may have exceeded the amount available to you. The IRS sets plan limits for this plan, and elections are made for monthly contributions. You may not exceed your monthly contribution or plan limit for this plan, even though your expense may be greater than this amount.
- A portion of your claim may have been denied. If so, you will receive an explanation in the mail explaining why that portion of your claim was denied. If you don't understand why your claim was denied, you may contact **WEX** at **866-451-3399**, Monday through Friday, **6:00 a.m. to 9:00 p.m. CST**

**Do I lose it if I don't use my Commuter Benefit contribution by the end of the year?**

No. Your balances carry over from one year to the next, as long as you remain eligible and employed by CNB. However, be aware that if you become ineligible (e.g., due to a change in hours or employment status), you may lose your unused balance, which can only be used to reimburse you for qualified expenses incurred while eligible. Per IRS rules, the funds you have contributed cannot be returned to you except as reimbursement for eligible

claims. So be careful not to contribute more than you can use.

### **Can I participate in the Commuter Benefit if I receive a CNB Transportation Allowance?**

If you currently receive a transportation allowance from CNB, this does not affect your ability to participate in the Commuter Benefit.

### **What are some of the expenses NOT eligible for reimbursement under the Commuter Benefit?**

Examples of expenses **not** allowed:

- Expenses for running errands, shopping, medical appointments, and vacation travel
- Dependents' travel/commute expenses
- Expenses incurred while on leave of absence
- Expenses of temporary colleagues
- Commute expenses incurred when no longer employed at CNB
- Parking at home
- Payroll deductions for the cost of parking at/near your CNB workplace, as these deductions are already taken on a pre-tax basis.

## **Dependent Care FSA - FAQs**

### **What is a Dependent Care Flexible Spending Account?**

A Dependent Day Care Flexible Spending Account (FSA) lets you save on dependent daycare expenses using pre-tax dollars. You can spend your dependent daycare savings account funds on a wide range of care for eligible members of your family. Some of the expenses covered include senior daycare, child daycare, babysitting, before and after-school programs, and sick child care.

### **Who qualifies for Dependent Care?**

A qualifying individual is any of the following:

- A dependent under the age of 13 who resides with you and for whom you are entitled to a personal tax exemption as a dependent; however, if you are divorced, the child is a qualifying individual with respect to you if the child lives with you even if you have permitted the non-custodial parent to take the exemption.
- A spouse or other tax dependent who resides with you for more than half the year and is physically or mentally incapable of self-care.

### **What are eligible dependent care expenses?**

Here are some examples of expenses colleagues can use a dependent care reimbursement account (DCRA) for:

- In-home child care
- Licensed daycare and preschool
- Before or after school programs
- Eldercare

### **Can an adult qualify for dependent care?**

Yes, an adult may qualify as a dependent provided that the colleague is providing more than half of that individual's support for the year and the dependent lives with the colleague as described above.

### **Are there any requirements about what qualifies as dependent care?**

All of the following must be true about the care:

- The care is provided while you work or to enable you to look for work. If you are married, the care is provided while your spouse also works or to enable your spouse to look for work, go to school full-time (at least five months a year), or while your spouse is incapable of self-care.
- The care is provided when the dependent meets the definition of a qualifying child or relative (per the IRS, based on a tax year).
- The care may be provided by a relative or non-relative but cannot be provided by your child under the age of 19 (tax dependent or not), the child's parent, or another tax dependent.



**Are there special circumstances for divorced or separated parents?**

If you are divorced or separated from your spouse and are a parent, IRS guidelines state that even if you cannot claim your child as a dependent, he or she is treated as a qualifying person if:

- The child was under age 13 or was not physically or mentally able to care for himself or herself;
- The child received over half of his or her support during the calendar year from one or both parents who are divorced or legally separated under a divorce or separate maintenance decree, or are separated under a written separation agreement, or lived apart at all times during the last six months of the calendar year;
- The child was in the custody of one or both parents for more than half the year; and
- You were the child's custodial parent.

Check with your legal or tax advisor to see if special rules apply to you that would enable your child to be claimed by the non-custodial parent or by both parents.

**Is tuition an eligible Dependent Care expense?**

No. Fees associated with kindergarten, as well as tuition for children in first grade and above are not eligible for reimbursement under a Dependent Care FSA. Expenses related to before and after school care or nursery school expenses qualify if the care is primarily custodial.

**Do I have to use a daycare facility?**

No. You can be reimbursed for expenses of an individual providing care for your dependent in your home as long as the expenses are incurred for you and your spouse (if married), to work, look for work or attend school full time (at least five months/year).

**Does my daycare provider have to be licensed?**

No. However, you are required to submit their Tax Identification Number or Social Security Number when filing your federal income tax return.

**My child attends camp during the summer. Is this eligible?**

Generally, no. However, if the camp is a day camp and your dependent attends to allow you and your spouse (if married) to work, look for work or attend school full time, then yes, this would be an eligible expense. Overnight camps are expressly excluded.

## **Health Care and Limited Purpose Health Care FSA - FAQs**

**Why are there two types of health care FSAs?**

Depending on the type of medical plan you have, regulations govern the type of health FSA for which you may participate. To provide colleagues with the tax advantages of an FSA, the bank offers two types of health FSAs: Health Care FSA and Limited Purpose Health Care FSA.

**What is the Health Care Flexible Spending Account?**

As described above, an FSA lets you set aside money from your salary before taxes are taken out. This lowers your taxable income, which, in general, increases your take-home pay. Then, you can use the pre-tax money in your FSA to pay for expenses like eligible medical, prescription drug, dental and/or vision care expenses for you and your eligible dependents that are not reimbursed by any insurance plan. The key difference between this FSA and the Limited Purpose FSA, is that this FSA can be used for eligible medical and prescription drug expenses.

A health care FSA that covers medical expenses can be used to pay for a variety of expenses related to health care needs that are not reimbursed by insurance, such as medical, dental, vision and prescription drug copays, coinsurances, and deductibles. Some examples include:

- Doctor visit copays
- Prescription drug copays
- Glasses, contacts or laser eye surgery/LASIK
- Hospital stay coinsurance
- Medical equipment that you use at home Health care FSA
- Over-the-counter (OTC) medicines in some cases

For OTC non-medicine, such as bandages or contact solution, dental care and vision care that isn't covered by a health plan are also eligible. Generally, deductions that qualify as medical expenses on federal income taxes can be reimbursed through the Health Care FSA.

**What is a Limited Purpose Health Flexible Spending Account?**

A Limited Purpose Health Flexible Spending Account (FSA) is an FSA for those enrolled in a High Deductible Health Plan with a Health Savings Account (HSA) option that allows the pre-tax advantages of an FSA, but with limited reimbursement. If you sign up for an HSA, the IRS requires that any Health FSA be restricted in the types of expenses that are eligible for reimbursement. Expenses reimbursed through a Limited Purpose Health FSA are limited to dental and vision, and do not include reimbursement for medical or prescription drug expenses.

**What is the benefit of enrolling in a Limited Purpose Health FSA?** A Limited Purpose Health FSA is a great way to save additional money on eligible expenses and benefit from the tax advantages of other FSAs. By enrolling in a Limited Purpose Health FSA, participants who also contribute to a Health Savings Account (HSA) can use FSA pre-tax dollars to pay for eligible expenses and save their HSA contributions for retirement.

**What happens to the money in the Health Care FSA if not used in the plan year?**

The IRS has a "use it or lose it" rule for flexible spending accounts. In general, this means any unused money that's still in the account at the end of the plan year is forfeited. However, CNB's Health Care FSAs have a grace period where the health care FSA money can be used in the next year. The grace period gives colleagues until March 15 of the following calendar year to incur eligible expenses using the previous year's account balance, provided the colleague participated in the FSA through December 31 of the previous year. In other words, expenses from January 1 to March 15 can be reimbursed from the previous year's account balance.

**How does the grace period affect colleagues wanting to contribute to a Health Savings Account (HSA)?** A colleague who was enrolled in a Health Care FSA with a grace period, and switches to an HSA compatible plan the following year may contribute to an HSA if:

- There's no money left in the FSA at the end of the prior plan year, or
- They've reached the end of the grace period (e.g., March 15), whichever is later.