

Subject: Federal Flexible Spending Account Program

In an announcement dated April 15, 2003, initial information regarding the Federal Flexible Spending Account (FSA) Program was distributed to you. Additional information regarding this program has become available and is provided below.

The open season for the initial FSA plan year will begin May 19 and end June 20. During this time, employees can elect to enroll in a healthcare FSA (HCFSA) and/or a dependent care FSA (DCFSA). For the HCFSA, employees may elect a maximum of \$3,000 per plan year. For the DCFSA, an annual maximum of \$5,000 may be elected. For both benefits, the minimum election must be \$250. No other benefit elections can be made during this time.

The transfer of DOE payroll services to DFAS will delay the effective date of elections made during the open season until September 1, 2003. The ending date for the plan year will remain December 31, 2003. Employees who make an election this year will be able to elect the maximum amount for their accounts; however, the deductions per pay period will be greater since there are fewer pay periods left in the year.

There are two ways to enroll during the open season. Employees may enroll via the internet or over the telephone. The enrollment system will let employees know which FSA they are eligible to elect, and web-based enrollment at www.fsafeds.com will be available 24 hours per day, 7 days per week. Employees may also call the dedicated toll-free number for Federal employees, 1-877-FSAFEDS (1-877-372-3337), and a customer service representative will complete the enrollment interactively with you. Please note that this number will not be staffed by customer service representatives until May 19. Beginning on that date, customer service representatives will be available from 9 a.m. until 9 p.m. Eastern Time, Monday through Friday, to answer questions and assist employees who wish to enroll over the telephone.

An administrative fee of \$4 per month will be charged to participants who have a Health Care FSA. For Dependent Care FSAs, the fee equals 1.5% of the entire amount you elect. In both cases, the amount due for the plan year will be deducted from each participant's first claim for reimbursement of a covered expense. Both the Office of Personnel Management and Congressional representatives are working to eliminate these fees.

FSAs will require a positive election each year. If you do not make an election during each open season, you cannot participate in an FSA for the next plan year. Elections must be made directly with SHPS, the contractor implementing this program. Questions regarding the program should be referred directly to SHPS at the telephone number mentioned above. Employment-related questions should be directed to Cathy Clifton, Human Resources Specialist, at (865) 576-0680.