

SunAdvantage Personal Spending Account Administration Guide

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Our guides are stored and regularly updated on our Plan Sponsor Services home page.

Introduction

What is a Personal Spending Account?

A Personal Spending Account (PSA) is an account for plan members, funded by the plan sponsor, that covers a broad range of items, such as fitness services or equipment and weight management programs.

The PSA is generally a taxable benefit to plan members. The plan sponsor is responsible for all payroll-related taxes and deductions as well as tax reporting to plan members.

Who is eligible?

The PSA is set up in the name of the plan member on our claims payment system, and all PSA claims are paid under the plan member's name.

Member and dependent coverage: A member can use the PSA for themselves and for family members that are eligible dependents. An eligible dependent could include the spouse or children or any other member of the plan member's family or the spouse's family who is dependent on the member for financial support, such as parents, grandparents or grandchildren. The dependent must be a resident of Canada or the United States.

About this guide

This guide is designed to help you administer your Personal Spending Account (PSA). It should be used in conjunction with the following (if applicable to your plan):

- **Administration Guide**, which outlines the general administrative processes for your benefits plan.

- **Plan Sponsor Services User Guide**, if you use our Group Benefits Administration on our Plan Sponsor Services website to administer your benefits.

If you have a question this guide can't answer, or if you need help administering your PSA, please call your Sun Life Financial Group Client Services administration contact.

Member recordkeeping

Adding a member

If you are not on our Plan Sponsor Services (PSS) website for administration

- When you are adding a new member under your PSA, you will need to send us their enrolment and PSA allotment information (the amount to be credited to their account) when you next update your plan member records. We cannot pay claims for the plan member or dependents until we receive that information.

If you use our Group Benefits Administration on our Plan Sponsor Services (PSS) website for administration:

- **Allotments are made annually**, and the member joins at the beginning of the benefit year, enter 1/12 of the annual amount on the benefit selection portion of the **Add a member** screen. PSS uses the monthly amount to calculate the full year allotment. The full year allotment will be available to the member as of their benefit effective date.

Sending us member data

If you send us data by member eligibility file transfer or Excel listing:

- **Allotments are made annually**, and the member joins the PSA at the start of the benefit year, you will need to provide their benefit effective date and the annual allotment amount. If the member joins the PSA during the benefit year, you may want to pro-rate the allotments. If you want amounts to be pro-rated, you can do the pro-rating yourself or you can let us calculate the pro-rated amounts. Our claims payment system can pro-rate annual allotments based on the number of months remaining in the benefit year.

Allotments

Establishing each year's PSA allotment amounts

At the beginning of each benefit year, you must provide us with allotment amounts for all members for the new year – even if the amounts are the same as what was allotted for the previous year.

Please be sure to send us annual updates well enough in advance to allow us time to update our records prior to the new benefit year. A delay in submitting update information may result in claims being declined incorrectly.

Changes to allotments

We allow changes to PSA allotments as the result of a life event (e.g. marriage, becoming a parent, loss of spouse's coverage) or change in employment status (e.g. moving from part-time to full-time status). You can choose whether your PSA allows changes at the time of a life event or employment status change, or if the member must wait until the next benefit year to make the change. They can only be effective from the date of the life event or employment status change.

PSA credits cannot be withdrawn from the member's account once they have been deposited.

Pro-rating allotments

If the member's coverage starts after the benefit year begins, the credits are adjusted based on the number of months remaining in the benefit year.

Claiming under a PSA

About submitting PSA claims

All PSA claims are to be submitted online using our convenient Plan Member Services Website. When online, members will be asked to select their type of expense from a drop-down list.

When members submit claims online, they must keep their original receipts for 12 months. We randomly audit Web-based claims regularly to ensure they are valid and accurate. If a member's claim is chosen for audit, we will ask them to mail us the original receipt.

Proof of claim period

Members are allowed 90 days after the end of the benefit year in which to submit PSA claims for expenses incurred during that year. This is called the proof of claim period (or "grace period").

Carry-forward provisions

If your PSA has no balance carry-forward feature:

Members have a proof of claim period after the end of a benefit year to claim expenses that were incurred during that year, after which any allotments remaining in a member's PSA will be lost to the member.

If your PSA has a 12-month balance carry-forward:

Members have a proof of claim period after the end of a benefit year to claim expenses that were incurred during that year. After the proof of claim period, they can no longer submit claims for the previous year's expenses.

If members have unused PSA allotments remaining in their accounts at the end of the benefit year, they can carry them over to use along with their next year's allotment to pay for next year's expenses. (Next year's claims would be paid first from the carried-over allotment, before using the new allotment.)

Each year's allotment can only be carried over for one benefit year. At the end of the second year's proof of claim period, any carried-over allotments still remaining from the first year are lost. Here's an example of how the 12-month balance carry-forward feature works.

Activity	Activity date	Transaction amount	PSA balance
Credit deposit (Year 1)	Jan. 1, 2009	\$100	\$100
Claim #1	Feb. 1, 2009	\$20	\$80
Claim #2	Nov. 1, 2009	\$20	\$60

Activity	Activity date	Transaction amount	PSA balance
Year-end balance	Dec. 31, 2009		\$60 (unused amount can be carried forward for use in 2010)
Credit deposit (Year 2)	Jan. 1, 2010	\$100	\$160 (\$60 from 2009, \$100 new credits)
Claim #1	Oct. 1, 2010	\$40	\$120
Year-end balance	Dec. 31, 2010	Unused \$20 from 2009 is lost	\$100 (can be carried-forward to use for 2011 expenses)
Credit deposit (Year 3)	Jan. 1, 2011	\$100	\$200 (\$100 from 2010 plus \$100 new credits)

If your PSA has a 12-month expense carry-forward feature:

Members have a proof of claim period after the end of a benefit year to claim expenses that were incurred during that year. If there are not enough credits in a member's account to pay for expenses incurred during that benefit year, they can carry their unpaid expenses forward for one year and use their next year's allotment to pay for them. (Expenses cannot be carried forward for more than one benefit year.)

Here's an example of how the expense carry-forward feature works.

Activity	Activity date	Transaction amount	PSA balance
Credit deposit (Year 1)	Jan. 1, 2009	\$100	\$100
Claim #1	Feb. 1, 2009	\$60	\$40
Year-end balance	Dec. 31, 2009	\$40 (unused amount is lost)	\$0
Credit deposit (Year 2)	Jan. 1, 2010	\$100	\$100
Claim #1	Mar. 1, 2010	\$80	\$20
Claim #2	Sept. 1, 2010	\$40 (\$20 paid, member can resubmit the remaining \$20 when next year's credits are available)	\$0
Year-end balance	Dec. 31, 2010		\$0
Credit deposit (Year 3)	Jan. 1, 2011	\$100	\$100
Claim #1	Jan. 2, 2011	\$20 (member can resubmit the unpaid amount from 2010)	\$80
Claim #2	Oct. 1, 2011	\$40	\$40
Year-end balance	Dec. 31, 2011	\$40 (unused amount is lost)	\$0

Note:

- The same carry-forward provision must apply to all members covered under the same contract.

Your PSA Invoice

Monthly in arrears. Each month, we provide you with a PSA invoice showing the PSA claims we have paid for that month plus our expense charges, interest fees and the applicable taxes.

If there are ASO billing arrangements in effect for your benefit plan, we align the timing of the PSA invoice with those ASO arrangements.

Please note: Your PSA Invoice and Group Benefits bill will remain separate and be sent separately each month.

Life's brighter under the sun

Personal Spending Accounts are provided by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies. PDF8118-E 07-18 ar-ny

