

HOW THE **YOUR SPENDING ACCOUNT** WORKS

Health Care Tax Saver Account | Dependent Care Tax Saver Account
Health Reimbursement Account

HEALTH CARE TAX SAVER ACCOUNT AND HEALTH CARE REIMBURSEMENT ACCOUNT

Health Care Tax Saver Account (Health Care TSA)

The Health Care Tax Saver account (Health Care TSA) allows you to set aside money, before taxes, to pay for eligible out-of-pocket expenses incurred by you and your eligible dependents.

When you enroll each year in the Health Care TSA, you choose how much to contribute (within minimum and maximum amounts allowed by the plan). Your contribution is taken from your pay each pay period on a before-tax basis, meaning you do not pay federal taxes on your contributions. Plan carefully when estimating your contributions. **Any unused Health Care TSA dollars will expire at the end of the plan year.**

Health Reimbursement Account (HRA)

The Health Reimbursement Account (HRA) is another way to pay for eligible out-of-pocket expenses incurred by you and your eligible dependents who are enrolled in the company-sponsored medical plan.

When you participate in the wellness program and report wellness activities via the SouthernLifeStyle website, the company credits dollars to your HRA for you to use or accumulate.* Unused HRA dollars do not expire and roll over from year to year.

Your Spending Account (YSA) Visa® debit card for Health Care TSA and HRA expenses

The *Your Spending Account* (YSA) Visa debit card program adds convenience by allowing you to pay for qualified health care expenses at the time of purchase, without having to pay out-of-pocket; however, **when your YSA Visa debit card payment is processed later, it may be determined that the nature of the expenses must be verified through valid, itemized receipts as required by federal law.**

If you use your YSA Visa debit card, in most cases you will not need to submit a claim. *Your Spending Account* will notify you if you need to provide receipts or other documentation. Please save all receipts.

How the Health Care TSA and the HRA work

When you incur an eligible health care expense that is not covered by insurance, you can use your assigned YSA Visa debit card to immediately pay it, or you can file a claim on the YSA website located within the *Your Benefits Resources* website at www.resources.hewitt.com/southernco.

If you file a claim (see the *Submitting Claims and Other Important Information* section below), you will be reimbursed for the eligible health care expense up to your remaining account balance. **Claims are always paid from the Health Care TSA dollars first.** Claims will be paid from the HRA dollars if there is no Health Care TSA balance available. View the Health Care TSA Summary Plan Description and HRA Summary Plan Description for specific minimum and maximum contribution amounts and other plan rules.

Over-the-counter (OTC) medicines not reimbursable without a prescription

OTC medicines are not eligible for reimbursement, unless prescribed by your medical provider.

Examples of OTC medicines requiring a prescription:

- Acne products
- Allergy medicine
- Aspirin
- Cough and cold medicine
- Sleep aids and sedatives
- Vitamins and supplements

Health care supplies are reimbursable without a prescription

Health care supplies are eligible for reimbursement without a prescription.

Examples of health care supplies not requiring a prescription:

- Bandages
- Braces and supports
- Denture adhesives
- Blood pressure monitors
- Contact lens supplies and solutions
- Insulin and diabetic supplies

Do you have questions about eligible health care expenses?

The YSA website has your plan's expense list. Included in this list, you'll find important details on which expenses require additional documentation.

To access the *Your Spending Account* website, go to <http://resources.hewitt.com/southernco>.

Here's how the two accounts work together:

- Health Care TSA dollars will be used first to pay for eligible health care expenses when you file a claim on the YSA website to be reimbursed for eligible costs or when you use your YSA Visa debit card. Dollars in your Health Care TSA do not roll over year-to-year so, you must spend your available Health Care TSA account balance before end of the plan year as **any unused Health Care TSA dollars will be forfeited at the end of the year.**
- As you accumulate dollars in your HRA, your YSA Visa debit card balance will increase. Any available dollars in your Health Care TSA will always be used before any HRA dollars will be used.
- After you have exhausted your Health Care TSA dollars within the plan year, you may use your HRA dollars to pay for additional health care expenses. Unlike the Health Care TSA, **dollars in your HRA never expire**; they are yours to spend now or save for eligible health care expenses during retirement.
- The YSA website will show your HRA balance separately from the Health Care TSA once dollars are earned.

Note: Participants cannot receive duplicate payments for the same qualified medical expense under both accounts.

**Employees who are not covered by a company-sponsored medical plan will have dollars put into a Health Care TSA when they complete wellness activities.*

DEPENDENT CARE TAX SAVER ACCOUNT

The Dependent Care Tax Saver account allows you to set aside money from your pay, before taxes, to pay for eligible dependent care expenses that allow you or you and your spouse to work or attend school.

Reimbursement for a full month is not allowed if you submit a claim for one month that is processed prior to the end of that month. In order to receive full reimbursement for eligible dependent care account expenses, you should wait until the full service period has passed before submitting your claim in order to avoid claim denials, partial reimbursements, and/or having to resubmit your claims. Here are some other helpful tips for submitting dependent care claims:

- Always sign and date your claim form.
- Be sure to include your legible, itemized receipts clearly showing the dates of service, amount charged, provider name, and who received the service when sending in your claim.
- In lieu of receipts, have your provider sign your YSA claim form (annotations showing daily charges may still be needed).
- Only expenses directly related to your child's care while you are at work, actively looking for work, or are a full-time student are eligible for consideration.
- Claim the amount charged by your provider for the requested dates of service, not what you paid.
- Do not send in copies of canceled checks or bank statements as supporting documentation for your claim.
- Remember, certain expenses such as food, overnight camps, cancellation fees, kindergarten and educational classes are not eligible for reimbursement from the Dependent Care Tax Saver account.

How the account works

When you enroll each year, you choose how much to contribute to your account (within minimum and maximum amounts allowed by the plan). Your contribution is taken from your pay each pay period on a before-tax basis, meaning you do not pay federal taxes on your contributions.

When you incur an eligible dependent care expense, you can file a claim on the YSA website. You are then reimbursed for the eligible expenses in each claim, as long as you have enough money in the account. If the claim amount is more than the balance in your account, you will be reimbursed for the remainder of the claim once enough money has been credited to your account through future contributions.

Plan carefully when estimating your contributions. If you contribute more than you use, any amount left in your account is forfeited after the plan year ends. View the Dependent Care Tax Saver Summary Plan Description document for the specific minimum and maximum contribution amounts and other plan rules.

Qualified dependents

To qualify for dependent care expenses, your dependent must be either under age 13 or a qualifying older dependent. A qualifying older dependent (such as a disabled adult or an elderly parent) must meet the following criteria:

- Depends on you for at least half of his or her financial support
- Is physically or mentally unable to care for himself or herself
- Spends at least eight hours each day in your home

Status of spouse

If you are married and want to participate in the Dependent Care Tax Saver account, your spouse must meet at least one of these conditions:

- Work (either full-time or part-time)
- Be actively looking for work
- Be a full-time student
- Be incapacitated

ACCESSING YOUR SPENDING ACCOUNT

To access your accounts, visit Benefits/Health Benefits/Tax Saver via the mySource website, or the *Your Spending Account* website directly at www.resources.hewitt.com/southernco. After you log on using your Southern Company Hewitt Service Center user ID and password, select the Other Benefits/*Your Spending Account* tab at the top of the home page. This will take you to the YSA website where you will find information such as your account balance, claims activity, and other relevant plan information.

You may also access your YSA account through the “Reimburse Me” app available through the Southern Company app catalog.

SUBMITTING CLAIMS AND OTHER IMPORTANT INFORMATION

How to submit claims

The most common way to submit a claim is on the *Your Spending Account* website. Here’s what you need to do:

- Choose to submit either a health care claim or a dependent care claim.
- Enter the required information on the claim form, which allows space for multiple expenses.
- Print the claim form, and sign and date the printed page.

- Fax or mail the completed form, along with receipts or other documentation, by the date indicated:
 - By fax 1-888-211-9900
 - By mail: *Your Spending Account*, P.O. Box 785040, Orlando, FL 32878-5040
- Upload electronic copies of your claim through the YSA website.
- Upload electronic copies of your claim through the “Reimburse Me” mobile app on your Apple or Android device.

If you do not have Internet access, claim forms can be obtained by calling the Southern Company Hewitt Service Center at **1-888-435-7563**. Once you have completed and signed the claim form, you will need to include your itemized receipts with the form when you fax or mail it to *Your Spending Account*.

Deadline to submit Health Care Tax Saver and Dependent Care Tax Saver claims

If you are participating in the 2016 plan year, the deadline to submit Health Care Tax Saver and Dependent Tax Saver claims is April 30, 2017. You can incur services through March 15, 2017 as long as the service or purchase occurred while you were eligible under the plan.

The deadline to submit claims for the 2017 plan year will be April 30, 2018. You can incur services through March 15, 2018 as long as the service or purchase occurred while you were eligible under the plan. You cannot submit a health care claim for future services.

Remember that your claims are reimbursed based on the date when the service occurred, not the date you paid your bill. For example, if you visited your doctor when you were eligible for coverage under the plan and paid the bill after your coverage ended, the claim would be processed because the service occurred while you were eligible for coverage.

Special situations apply to submitting claims for orthodontia services.

What you need to send to YSA to process a reimbursement

To get reimbursed for your health care and dependent care claims, or to validate a health care YSA Visa debit card transaction, you need to send your itemized receipts or other documentation as quickly as possible. Southern Company’s Tax Saver Plan requires that you provide receipts or other documentation to prove that expenses are eligible under the plan.

If you have lost your itemized receipt, contact your service provider or pharmacy to request a copy, or call your health plan for an Explanation of Benefits (EOB). Any YSA Visa debit card transactions that do not include requested receipts or other documentation will be denied and deemed an overpayment.

With paper claims, you also need to complete, sign and submit a YSA claim form, which you can create on the *Your Benefits Resources* website by choosing Reimburse Me. For YSA Visa debit card transactions that require receipts or other documentation, follow the instructions that you received by email or return the completed and signed form you received in the mail along with your receipts.

Other documentation that will be required for dependent care services:

It is important that you provide the appropriate receipt with your dependent care claims. The receipt must always contain the following information:

- Name of service provider
- Dates of service
- Description of service
- Purchase amount for each service
- Total purchase amount

Other documentation that may be required for health care services:

What your itemized receipts should include

It is important that you provide the appropriate receipt with your claims.

A — Pharmacy
RFN# 1234-5678-9012-3456-7890

C {	F	BAND-AID 30CT	1	5.49	}
	F	RENU SALINE 120Z	1	11.99	
		PLAIN M&M'S 90Z	1	1.99	
		SUBTOTAL		19.47	
	A=6.5% SALES TAX			1.27	
	TOTAL			20.74	E
	DEBIT CARD			20.74	
	CASH BACK			0.00	

F=ELIGIBLE FLEX SPEND ACCT ITEM(FSA)

123 Main Street, Anywhere, USA 12345
STORE (800)888 8888
PHARMACY (800)888 8888

STORE #123
SEQ#123456789
CARD# *****1234

RETAIN THIS RECEIPT FOR YOUR RECORDS

B — JULY 8, 2016 9:30 AM

← Example of valid receipt

Although your itemized receipt might look different than the example provided, it must always contain the following information:

- A. Name of service provider or retailer
- B. Dates of service
- C. Description of service
- D. Purchase amount for each product or service
- E. Total purchase amount

Example of invalid receipt →

This is an invalid receipt because it doesn't list the description or price for the products or services purchased. Common invalid receipts are credit or debit card receipts.

SALE

Pharmacy
123 Main Street
Anywhere, USA
12345 000

MERCHANT ID 9395699999999999
DEVICE ID 939569
Item: 001 MC SALE / KEYED
Acct: 1234567890123456 Exp: 0112

SALE	\$ 10.00
TOTAL	\$ 10.00

X
SIGNATURE

I AGREE TO PAY ABOVE AMOUNT ACCORDING
TO THE CARD USER AGREEMENT
(MERCHANT AGREEMENT IF RETURN)

THANK YOU!

DATE: 07/08/16 9:30 AM

TOP COPY-MERCHANT

If you use a care provider or a day care service, your receipt should be itemized and include the name of the dependent receiving services. The receipt can be handwritten, provided from a generic receipt booklet, or on a day care letterhead.

Receiving reimbursement for your claim

Once your claim and receipts have been received, a decision on your claim will be made within 10 days. If approved, a reimbursement from your account will then be made to you in one of the following ways:

- **Direct deposit** – Money will be deposited in your account in two to three business days. This is the fastest way to receive your money. If you have not enrolled in direct deposit, go to Your Preferences on the YSA website to sign up. There is no link between this direct deposit information and your Southern Company payroll direct deposit information. If you change one, it does not affect the other.
- **Mailed check** – If you are not enrolled in the YSA direct deposit program, a check will be mailed to you within two business days; however, please allow three to five business days for postal delivery.

Note: Health care reimbursements are based on the coverage amount available and can be made anytime while you are eligible under the plan. Reimbursements from a dependent care account can only be made if there are sufficient contributions in your account.

Tracking your claim

If you submit your claim online, you can track your claim status on the YSA website after your claim and receipts have been received. You can track a health care YSA Visa debit card transaction on the YSA website two to three days after you use the card.

The status of your claim will change as receipts and other documentation are received and when a decision is made on your claim.

Overpayments

YSA Visa debit card expenses that cannot be validated as eligible will be treated as an overpayment.

- If the overpayment amount is more than \$100, your YSA Visa debit card will be deactivated until you repay the full amount of your overpayment.
- If you do not repay your overpayment amount within the communicated time period, the company can deduct the full amount from your paycheck and/or offset reimbursements that would otherwise be due to you for other qualified expenses. By using the YSA Visa debit card, you agree to its terms of use.

Reasons for an overpayment	What this means to you	What you need to do
Applied to overpayment	A portion or all of this reimbursement has been applied toward an overpayment on your account. If your entire overpayment is paid off, your YSA Visa debit card will be reactivated in 48 hours.	No action is needed if your entire overpayment is satisfied. If you still have a remaining overpayment: <ul style="list-style-type: none"> • Resubmit the claim along with itemized receipts or other documentation for the item that resulted in an overpayment • Submit new claims, which, if approved, will reduce the overpayment until it's paid off • Mail a check payable to <i>Your Spending Account</i>
Exceeded coverage	The amount paid exceeds your highest coverage amount during the plan year. This most commonly occurs as a result of a change in coverage or a YSA Visa debit card transaction that exhausted your account balance.	To repay the overpayment, mail a check to <i>Your Spending Account</i>
Expired claim	Your claim was originally reimbursed, but it later resulted in an overpayment. The most common reason is that itemized receipts or other documentation to validate a YSA Visa debit card transaction were not received by the due date.	To repay your overpayment: <ul style="list-style-type: none"> • Resubmit the claim along with itemized receipts or other documentation for the item that resulted in an overpayment • Submit new claims, which, if approved, will reduce the overpayment until it's paid off • Mail a check payable to <i>Your Spending Account</i>
Ineligible expense	Your claim was originally paid, but was later determined to contain one or more ineligible expenses. This most commonly occurs when you purchase ineligible items with your YSA Visa debit card.	To repay your overpayment: <ul style="list-style-type: none"> • Resubmit the claim along with itemized receipts or other documentation for the item that resulted in an overpayment • Submit new claims, which, if approved, will reduce the overpayment until it's paid off • Mail a check payable to <i>Your Spending Account</i>

<p>Increased coverage</p>	<p>Because contributions are being made to more than one plan, payments for approved claims should always be made from the primary plan until that plan's balance is exhausted. Once exhausted, payments are made from the secondary plan.</p> <p>However, because the primary plan balance has been increased during the plan year, the IRS requires your claim to be processed again by the primary plan and the payment will be mailed to you. The payment previously made from the secondary plan has now become an overpayment.</p>	<p>The easiest way to repay an overpayment from the secondary plan is to mail a check payable to <i>Your Spending Account</i>.</p>
<p>Insufficient coverage</p>	<p>The amount reimbursed has exceeded your coverage amount. This most commonly is a result of a change in coverage or a YSA Visa debit card transaction that exhausted your account balance.</p>	<p>To repay the overpayment, mail a check payable to <i>Your Spending Account</i>.</p>
<p>No coverage</p>	<p>Records indicate you weren't enrolled in the plan when the claim was reimbursed. Common reasons for this include:</p> <ul style="list-style-type: none"> • A coverage change • A change in employment resulting in coverage ending • A claim submitted for a prior plan year when <i>Your Spending Account</i> wasn't the administrator 	<p>To repay the overpayment, mail a check payable to <i>Your Spending Account</i>.</p> <p>If you believe the claim was denied in error, contact your benefits administrator.</p>
<p>Overpayment</p>	<p>This is the total amount of money you owe back to your account, most commonly because you didn't provide itemized receipts or were incorrectly reimbursed for an expense.</p>	<p>To repay your overpayment:</p> <ul style="list-style-type: none"> • Resubmit the claim along with itemized receipts or other documentation for the item that resulted in an overpayment • Submit new claims, which, if approved, will reduce the overpayment until it's paid off • Mail a check payable to <i>Your Spending Account</i>

For more information on how the *Your Spending Account* works, please visit the *Your Benefits Resources* website or contact the Southern Company Hewitt Service Center at **1-888-435-7563** between 8 a.m. and 8 p.m., Eastern time, Monday through Friday.

Irrevocability of election by the participant during the plan year

According to Southern Company's Flexible Benefits Plan, employees are allowed to make benefits elections/changes during the annual enrollment period.

Changes are not permitted during the plan year unless you have a qualified change in status, cost or coverage, as described below.

- A change in your legal marital status, including marriage, divorce, death of spouse, legal separation, annulment or loss of domestic partnership
- A change in your number of dependents, including changes as a result of birth, adoption, placement for adoption or death
- An employment status change because of commencement or termination of employment of you, your spouse or other dependent
- A change in work schedule following a reduction or increase in hours of employment of you, your spouse or other dependent, including a switch between part- and full-time, a strike or lockout, or commencement or return from an unpaid leave of absence
- Your dependent satisfies or ceases to satisfy the requirements for dependent coverage under the medical plan because of age or similar circumstance
- A change in residence or worksite of you, your spouse or other dependent resulting in change of plan eligibility
- Addition of benefit option(s) to spouse's or domestic partner's plan
- Change in cost of daycare

If you return to work within the same calendar year, coverage and contributions in effect prior to your leave will resume. If you return to work in a different calendar year, you may make new benefit elections.



YSA website: <http://resources.hewitt.com/southernco>
Southern Company Hewitt Service Center: 1-888-435-7563