

FSA Funding Options Quick Guide

Available ONLY to clients transitioning from Aflac to WageWorks

Aflac’s TOP recommended FSA funding with WageWorks if your current funding method is “Fast Forward”

| Your current Aflac FSA funding operates like this: | Aflac’s Top Recommendation | Important Facts about this Funding Method | Actions Required by the Employer |
|--|--|---|--|
| <p>Fast Forward</p> <ul style="list-style-type: none"> ▶ Employer collects payroll deductions and sends to Aflac via check or ACH. ▶ Payments released from Aflac account. ▶ Daily checks & direct deposit. ▶ Card available. | <p>Funding Method 4 Fast Forward (see page 2)</p> <ul style="list-style-type: none"> ▶ Employer collects payroll deductions and sends to WageWorks via check or ACH. ▶ Payments released from WageWorks bank account ▶ Daily checks & direct deposit. ▶ Card available. | <ul style="list-style-type: none"> ▶ Participants are reimbursed in 2 to 3 days. ▶ Participants and dependents can use flex debit card. ▶ Employer does not approve claim reimbursements. ▶ Check payments are secured by Positive Pay feature for fraud protection. ▶ Employer website reports details of the daily ACH debit on a consolidated employee payment report. ▶ WageWorks reconciles its own bank account. No bank account reconciliation required by Employer. ▶ Public sector employers (schools and government) must send a check for FSA payroll deductions to WageWorks or push funds via wire or ACH credit to WageWorks instead of Aflac. ▶ Employers subject to ERISA will provide semi-monthly deposits to WageWorks (instead of Aflac) equal to 1/24 of total annual FSA elections. Per RSA, employer will authorize WageWorks to initiate ACH debits on the employer’s bank account for these deposits. ▶ WageWorks reconciles its bank account. No bank reconciliation required by employer. | <ul style="list-style-type: none"> ▶ Employer must review and sign the new Reimbursement Services Agreement (RSA) with WageWorks. ▶ Employer can view payment summaries at the website in order to update financial records. |

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Funding Method 1 – Daily ACH Debit

WageWorks writes checks, issues direct deposits and card payments on WageWorks' bank account. FSA claims are paid without requiring the employer's pre-approval. Each day, WageWorks is reimbursed by employer by allowing WageWorks to initiate ACH debits on employer's bank account. Employer's bank account may include a zero balance feature.

- ▶ Each day, employer is notified via e-mail of the replenishment funds that WageWorks will pull via ACH Debit.
- ▶ Listing of claims paid is available at the WageWorks website.
- ▶ Check payments are secured by Positive Pay feature.
- ▶ Benefit payments are issued within 2–3 business days.

Funding Method 2 – Daily Client Bank Settlement

WageWorks writes checks, issues direct deposits and card payments on the employer's bank account to pay FSA claims. Claims are paid without requiring the employer's pre-approval or prior funds confirmation by WageWorks. Employer's bank account may include a zero balance feature.

- ▶ Listing of claims paid is available to employer on the WageWorks website.
- ▶ Positive Pay feature is not available for issued checks.
- ▶ Benefit payments are issued within 2–3 business days.

Funding Method 3 – Daily ACH Credit

WageWorks writes checks, issues direct deposits and card payments on WageWorks' bank account. FSA claims are paid without requiring the employer's pre-approval. Each day, employer reimburses WageWorks for benefits paid on the previous day by wiring funds or ACH credit to WageWorks.

- ▶ Each day, the employer is notified via e-mail of the replenishment funds it must wire to WageWorks.
- ▶ Listing of claims paid is available to employer on the WageWorks website.
- ▶ Check payments are secured by Positive Pay feature.
- ▶ Benefit payments are issued within 2–3 business days.

Funding Method 4 – Fast Forward

Employer deposits funds in WageWorks' bank account to pay FSA claims. Public Sector employers wire or remit FSA payroll deductions to WageWorks every pay period. Private employers authorize WageWorks to initiate semi-monthly ACH debits on the employer's bank account equal to 1/24th of annual participant elections. WageWorks writes checks, issues direct deposits and card payments on the WageWorks bank account to pay FSA claims, without requiring the employer's pre-approval.

- ▶ Listing of claims paid is available at the WageWorks website.
- ▶ Check payments are secured by Positive Pay feature.
- ▶ Benefit payments are issued within 2–3 business days.

Funding Method 5 – Self-Pay

FSA claim checks are written by the employer and issued on the employer's bank account. Each week, the employer must review the WageWorks site for a list of FSA claims payable to participants. Since the employer issues the FSA claim checks, the time frame for plan participants to receive their benefit payments will vary.

- ▶ Payments by check only. Direct deposit or flex debit card are not available.
- ▶ A weekly listing of checks to be written by employer is available at the WageWorks website.
- ▶ FSA checks must be written and issued by employer weekly.
- ▶ Check payments are not secured by Positive Pay feature.

IMPORTANT: See page 1 for Aflac's recommendation of the WageWorks funding method that is the best fit, based on the employer's current funding model.
