



FLEXIBLE SPENDING ACCOUNT PLANS 2010 OPEN ENROLLMENT

What is a Flexible Spending Account Plan?

A Flexible Spending Account (FSA) Plan allows you to use before-tax dollars to pay for some health care expenses that are not covered by a health care plan and/or dependent care expenses incurred so that you and your spouse (if married) can work. There are two FSA plans offered by The McClatchy Company: the Health Care Reimbursement Plan (HCRP) and the Dependent Care Assistance Plan (DCAP). When you participate in the FSA(s), you contribute before-tax dollars from your paycheck into one or both of these plans each year. As you incur eligible expenses throughout the year, you submit claims to be reimbursed for these expenses with your tax-free dollars from the appropriate plan.

How do the FSA Plans work?

The annual amount you elect to contribute will be divided into equal amounts and deducted from your first two paychecks of each month on a before-tax basis for a total of 24 pay periods per year. As you incur and pay for eligible expenses, you submit claims for reimbursement with copies of your receipt(s) or Explanation(s) of Benefits to TASC, our FSA third-party administrator. TASC pays approved claims on a daily basis.

You can submit Dependent Care Assistance Plan (DCAP) claims incurred between Jan. 1, 2010, and Dec. 31, 2010 against your account balance for the 2010 Plan year. You will have until Feb. 28, 2011, to submit these DCAP claims to TASC for reimbursement.

You can submit Health Care Reimbursement Plan (HCRP) claims incurred between Jan. 1, 2010, and Mar. 15, 2011 against your account balance for the 2010 Plan year. You will have until May 15, 2010, to submit these HCRP claims to TASC for reimbursement.

Please note, that in accordance with IRS regulations, money that is not claimed by the deadline will be forfeited.

How much should I contribute?

Before enrolling during the annual Open Enrollment period, you will need to estimate the eligible health care and/or dependent care expenses you and your eligible dependents expect to incur during the upcoming 12-month period (for DCAP) or 14½-month period (for HCRP) beginning Jan. 1, 2010. It is important to do this carefully because any amounts left in your DCAP account after Feb. 28, 2011, or HCRP account after May 15, 2011, will be forfeited. Current federal tax laws prohibit refunds of leftover account balances to participants as well as the transfer of funds from one FSA plan to another. The tax laws also prohibit the transfer of funds from one plan year to another.

Remember, if you do not use the money in your FSA(s), you will lose it.

When estimating expenses, remember that: 1) you can only be reimbursed for expenses defined as eligible by the IRS and the McClatchy plan; 2) services must be incurred during the period you are covered under the FSA(s); and 3) services must be incurred by either you or an eligible dependent. **Please refer to the FSA Eligible Expenses and Election Worksheet and the Health Care Reimbursement Plan Over-the-Counter Reimbursement Guide when estimating your contribution(s).**

You can contribute up to \$5,000 to each plan based upon these guidelines: 1) your contributions cannot be greater than your income or your spouse's income; 2) if your spouse is disabled or a full-time student, he/she is assumed to earn \$250 per month for one eligible dependent, or \$500 per month for two or more dependents; 3) if your spouse also participates in a Dependent Care Assistance Plan, your combined total deposits cannot exceed \$5,000; 4) if you and your spouse file separate income tax returns, your individual Dependent Care Assistance Plan is limited to \$2,500.

(over)

Can I change my election mid-year?

The amount you elect to contribute cannot be changed during the Plan Year except under very limited circumstances. Contribution changes based on a change in status event are allowed only if the election change is necessary and consistent with the change in status. For the Health Care Reimbursement Plan, the change must also result in a gain or loss of health care insurance coverage. For the Dependent Care Assistance Plan, the change must also affect your dependent care expenses. All changes must be sent to your local human resources department within 30 days of the event.

How are claims substantiated?

Services must be incurred before claims may be submitted. Health care claims must include a statement from the provider or insurance company (an Explanation of Benefits is preferred) which provides: the name and address of the provider; the name of the individual receiving treatment; dates of service; the participant's financial responsibility after payment by the insurance company; and a description of the service. Dependent care claims must include: the caregiver's name, signature, address and tax identification number; the dependent care expenses to be reimbursed; and the names and ages of the dependents for whom care was provided.

Who is a dependent?

For the Dependent Care Assistance Plan, eligible dependents are: 1) children younger than age 13 that live at the same residence as the taxpayer for more than half the year; 2) a spouse if incapable of self-care; and/or 3) relatives or members of your household who live in your home, receive over half of their support from you, are incapable of self-care and do not have an annual income in excess of \$3,200. Eligible dependents under the Health Care Reimbursement Plan are: 1) a spouse who is treated as such for tax purposes; 2) relative or members of your household whom you claim as a dependent for tax purposes; and/or 3) any child for whom you are required to provide health care benefits under a qualified medical child support order. **If you are unsure of custodial or dependent status, or if you plan to claim dependent care expenses other than child- or after-school care expenses, contact human resources to discuss eligibility.**

McClatchy's FSA Third-Party Administrator

TASC
2302 International Lane
Madison, WI 53704-3140
(800) 422-4661
www.tasconline.com

The administration of the plan and the payment of all benefits are governed by the official plan document. The official plan document will govern in case of any omission or conflict between this document and the official plan text.