



November 3, 2016

Dear FSA Participant,

According to our records you are currently enrolled in the Gilt Groupe, Inc (Gilt) Flexible Spending Account plan (FSA). You are receiving this letter to notify you that effective December 31, 2016, the Gilt FSA will terminate. As a result, your ability to "roll over" Healthcare FSA funds of up to \$500 into 2017 is not available.

Here's why this change is taking place: HBC offers a Health Savings Account (HSA) to help participants save for upcoming and future eligible healthcare expenses. Federal guidelines mandate that you cannot participate in an HSA and a General Purpose FSA simultaneously. The current Gilt general purpose healthcare FSA offers a roll over provision allowing Associates to submit health care claims incurred from January 1, 2017 through March 15, 2017 for reimbursement. Continuing to allow this provision would prevent participation in the HSA starting January 1, 2017. Therefore, your ability to "roll over" Healthcare funds up to \$500 into 2017 is no longer available. *For more information on HSAs visit myhhcbenefits.com.*

Here's how to manage this change: If you have a balance in your Healthcare FSA, we encourage you to use it for any eligible health care expenses through December 31, 2016. Unused funds will be transitioned to a Limited Purpose FSA on January 1, 2017, and may then be used only for *dental and vision care expenses* incurred during from January 1 through March 15, 2017. If you do not use these funds by March 15, 2017 you will lose them. You will be allowed to submit receipts for medical expenses incurred through December 31, 2016 and dental and vision expenses incurred through March 15, 2017 for reimbursement from your 2016 FSA account until June 15, 2017. Please plan your 2016 FSA expenses accordingly.

Here's what to do: Eligible medical expenses incurred prior to or on December 31, 2016, and eligible Dental and Vision expenses incurred prior to March 15, 2017, will be reimbursed if submitted by June 15, 2017. Below are details on how to request reimbursement of your 2016 FSA eligible expenses:

- Paper FSA claims should be submitted to Gilt's current FSA administrator, WageWorks, no later than December 23, 2016. WageWorks will cease processing Gilt claims on December 31, 2016.
- Your current WageWorks FSA Debit Card will be de-activated after December 31, 2016 and no further electronic claims will be processed on the WageWorks card after that date. Any remaining card balance will be transferred to ConnectYourCare (CYC) after all transactions clear (late January).
- A black-out period will then take place to allow for the transition of unused funds and claims administration from WageWorks to ConnectYourCare (CYC). We anticipate this transfer (and black-out period) will be completed by late January 2017.
- If you enrolled in the 2017 FSA plan you will receive your new Debit Card in December 2016 with 2017 funds available January 1, 2017. Any unused 2016 funds will be added to that card when the transfer from WageWorks is complete. 2016 funds must be used as explained in the "how to manage this change" paragraph above.
- If you did not enroll in the 2017 FSA plan, CYC will process 2016 claims and provide a new Debit Card for 2016 funds as soon as the transfer information is received from WageWorks in late January.
- You may begin submitting claims to CYC starting January 1, 2017 (paper or electronic). CYC will reimburse eligible 2016 medical claims (including dental and vision claims incurred by March 15) until June 15, 2017.
- To check your current FSA balance, log into www.wageworks.com. If you have any questions about the FSA and HSA accounts, please contact the HBC Benefits Center at 1-800-498-8705.

What about Dependent Care FSA (DCFSA) claims? Dependent Care expenses should be submitted to WageWorks by December 23, 2016 and to CYC after that date. The same black-out period outlined above applies to DCFSA claims submitted to CYC.

Beginning January 1, 2017, you can contact CYC at 1-844-220-8782 or register online at www.ConnectYourCare.com.

A hard-copy version of his letter will be mailed to your home address next week.



Mike Greenberg
Vice President, Benefits
Hudson's Bay Company

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