

Flexible Spending Accounts

Real Savings – Real Simple



WHY SHOULD I USE AN FSA?

Using a Flexible Spending Account (FSA) is a great way to stretch your benefit dollars. You use before-tax dollars in your FSA to reimburse yourself for eligible out-of-pocket medical and dependent care expenses. That means you can enjoy tax savings and increased take-home pay—all with the convenience of a prepaid benefits card.

WHAT IS AN FSA?

With an FSA, you elect to have your annual contribution (up to the \$2,600 limit set by the IRS) deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified. The amount of your pay that goes into an FSA will not count as taxable income, so you will have immediate tax savings. FSA dollars can be used during the plan year to pay for qualified expenses and services.

- A Healthcare FSA allows reimbursement of qualifying out-of-pocket medical expenses.
- A Dependent Care FSA allows reimbursement of dependent care expenses, such as daycare) incurred by eligible dependents.
- A Qualified Transit Account allows reimbursement of up to \$255 per month for mass-transit commuting expenses and up to \$255 per month for parking expenses at your worksite.

Health FSAs are subject to “Use-it-or-Lose-It”, with the exception of a 2.5 month Grace Period!

IS AN FSA RIGHT FOR ME?

An FSA is a great way to pay for expenses with pre-tax dollars.

A **Healthcare FSA** could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance, or deductibles for health, prescription, dental or vision plans
- Have a health condition that requires the purchase of prescription medications on an ongoing basis
- Wear glasses or contact lenses or are planning LASIK surgery
- Need orthodontia care, such as braces, or have dental expenses not covered by your insurance

A **Dependent Care FSA** provides pre-tax reimbursement of out-of-pocket expenses related to dependent care. This benefit may make sense if you (and your spouse, if married) are working or in school, and:

- Your dependent children under age 13 attend daycare, after-school care or summer day camp
- You provide care for a person of any age whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself

A **Qualified Transit Account** provides pre-tax reimbursement of out-of-pocket expenses related to commuting. This benefit may make sense if you Commute to work via mass-transit, or pay for parking at work.

With all FSA account types, you'll receive access to a secure, easy-to-use web portal where you can track your account balance, view your investment accounts and submit requests for reimbursements.

In addition, you'll receive a convenient prepaid benefits card to make it easy to pay for eligible services and products not covered by your health insurance.

When you use the card, payments are automatically withdrawn from your account.



PLAN AHEAD

Before you enroll, you must first decide how much you want to contribute to your account(s). You will want to spend some time estimating your anticipated eligible medical and dependent care expenses for the upcoming plan year. Throughout the year, you'll likely find yourself with expenses for yourself and your family that insurance won't cover. By taking advantage of an FSA, you can actually reduce your taxable income and reduce your out-of-pocket expenses when you use your FSA to pay for the things you would purchase anyway.

*The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account; your annual earnings; whether or not you pay Social Security taxes; the number of exemptions and deductions you claim on your tax return; your tax bracket and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.