

Flexible Spending Accounts

What's It All About

Program Highlights

What is an FSA and What's It For? Flexible Spending Accounts enable you to pay certain expenses with "before tax dollars". For most employees and their families, this means a tax savings of 30% or more because you are avoiding taxes on every dollar you spend using one of these accounts.

A Health Care FSA can be used to pay un-reimbursed health, dental and vision expenses. So, your dental plan may pay part of the cost of your care and then you can use the FSA to pay the rest.

Example: If you spend \$2,000 out-of-pocket for orthodontia services and utilize your flexible spending account, you can expect to save about \$600 in taxes.

A Dependent Care FSA can be used to pay the cost of day care for your child, or even a parent whom you care for, if it enables you to go to work.

How Does It Work?

You estimate what you think your out-of-pocket costs will be — those not paid for by your medical, dental or vision plan — for the coming year. You enroll in one or both FSA's and set aside a portion of that cost each pay period. The dollars you set aside in your account will not be taxed for Federal, State or Social Security taxes — saving you about 30%.

Your entire annual commitment to a Health Care FSA (\$2,500 max) is available to you immediately when the plan year begins. For a Dependent Care FSA (\$5,000 max), only the dollars you have already set aside will be available.

A debit card is included to make your account easy to use. Or, you can file a claim online, via email or fax and have your reimbursements direct deposited into the account of your choice. Always keep your receipts though, even if you use a debit card. You may be asked for them later!

Rules and Limitations

FSA funds must be used in the current year. Only \$500 in the Health Care FSA can be rolled over to the next year! And - \$0 of the Dependent FSA is eligible for roll over to the next year.

Tips for Maximizing Your Benefits Dollar

- The very use of an FSA for your out-of-pocket health care costs maximizes your benefits dollar. Avoiding all the taxes saves you big!
- Don't forget the Dependent Care FSA! Many young parents are paying hundreds of dollars every month for day care and you can put up to \$5,000/year into a Dependent Care Account. The tax savings on \$5,000 will be about \$1,500.
- Don't let the "use it or lose it rule" scare you away from an FSA. You can roll over up to \$500 from your Health Care FSA if you guess poorly AND.....save discretionary expenses you may have until later in the year. If you have a great health year and few out-of-pocket costs, you can use your FSA money for dental visits, prescription sun glasses or treat yourself to designer frames. You can also stock up on things like band-aids and contact lens solution.