

Flexible Spending Account Plans

Frequently Asked Questions

Q. What are Flexible Spending Account Plans?

A. Flexible Spending Account (FSA) Plans are benefit plans allowing you to use pre-tax dollars towards medical, dental, vision, childcare, and/or caregiving services.

Q. Am I eligible to enroll into this benefit?

A. If you are eligible for your employer's major medical plan, you may enroll into an FSA. If you are not eligible for their major medical plan or are enrolled into a Health Savings Account (HSA), a Limited Purpose FSA could be a possibility.

Q. How do FSAs work?

A. An FSA is a special account you put money into that can be used to pay for certain out-of-pocket health care costs. You don't pay taxes on this money. This means you'll save an amount equal to the taxes you would have paid on the money you set aside. FSA Plan contributions are deducted each pay period in equal amounts throughout the plan year.

Q. Should I enroll into the FSA Plan(s)?

A. The FSA Plans may be right for you if you can answer "yes" to any of the following questions:

- Do you have any ongoing medication prescriptions?
- Do you wear glasses?
- Do you pay for childcare?
- Do you have a medical copay or deductible charge when you visit the doctor?
- Do you or your dependents have orthodontia costs?

Q. What are the different types of FSA Plans?

A. There are three types of FSA plans: Medical FSA, Dependent Care FSA, and a Limited Purpose FSA.

Q. How does a Medical FSA work?

A. The Medical FSA allows you to use pre-tax dollars on qualified medical, dental, and vision expenses.

Q. What is the maximum I can contribute into a Medical FSA?

A. The maximum annual election in 2017 is \$2,600; however, your employer may elect a lesser amount. The full amount you elect is available on the first day of the plan year.

Q. What are some examples of Medical FSA qualified expenses?

A. Examples of qualified expenses include deductibles, copayments, eye exams, dental services, orthodontia, chiropractor visits, and acupuncture. Please refer to IRS Publication 502 for additional details.

Q. How does a Dependent Care FSA work?

A. The Dependent Care FSA allows you to use pre-tax dollars to pay for eligible daycare and/or caregiving expenses for qualified dependents.

Q. Who is considered a qualified dependent?

A. Qualified dependents are tax-dependent children under 13, living with you or a tax-dependent parent, spouse, or adult child living with you and incapable of caring for themselves.

Q. What is the maximum I can contribute into a Dependent Care FSA?

A. The maximum annual election in 2017 is \$5,000, or \$2,500 if married & filing separately. Funds are available as contributions are made into your account.

Q. What are some examples of Dependent Care FSA qualified expenses?

A. Examples of qualified expenses include after school daycares, preschools, home based daycare facilities, and in-home care. Dependent Care providers must provide a federal tax ID or a social security number. For additional details, please refer to IRS Publication 503.

Q. How does a Limited Purpose FSA work?

A. The Limited Purpose FSA allows you to use pre-tax dollars to pay for qualified dental and vision expenses.

Q. What is the maximum I can contribute into a Limited Purpose FSA?

A. The annual maximum contribution in 2017 is \$2,600; however, your employer may elect a lesser amount. The full amount you elect is available on the first day of the plan year.

Q. What are some examples of Limited Purpose FSA eligible expenses?

A. Examples of eligible expenses include contact lenses and solution, eye exams, dental services, orthodontia, and glasses.

Q. How do I access the funds within my FSA Plans?

A. You can use your Benefits Debit Card (Benny Card) to pay for qualified expenses. You can also request reimbursement through our website or mobile app by filing a claim and uploading itemized receipts. If you prefer paper claims, you also have the option to fax or mail in our claim forms with itemized receipts.

Q. May I elect to contribute into both an FSA and an HSA?

A. If you have an HSA, you may also contribute into a Limited Purpose FSA and Dependent Care FSA.

Q. Can I use FSA funds for a family member's medical care?

A. Yes. Funds may be used for yourself, your spouse, or a tax dependent.

Q. My Employer enrollment materials indicate my plan allows for a "Carry Over Amount". What is this?

A. If you have funds remaining in your account at the end of the plan year, up to \$500 can be carried over into the upcoming plan year's FSA.

Q. How much should I elect to contribute into the FSA(s)?

A. Estimate the cost of qualified expenses you will incur during the year. Be sure to include costs for your qualified dependents. FSAs can save you money if you have at least \$100 in annual expenses.

FSA Savings Example:

Bob's gross income is \$30,000. He has a nine-year-old daughter. He plans to spend \$2,000 on braces & \$3,300 for daycare during the next plan year and elect to pre-tax both expenses into the appropriate FSA.

| | Without FSAs | With FSAs |
|--|--------------|-----------|
| Gross income | \$30,000 | \$30,000 |
| FSA contributions | \$0 | -\$5,300 |
| Gross income | \$30,000 | \$24,700 |
| Estimated taxes: | | |
| Federal | *-\$2,550 | *-\$1,755 |
| State | **-\$900 | **\$741 |
| FICA | -\$2,295 | -\$1,890 |
| After-tax earnings: | \$24,255 | \$20,000 |
| After tax, out of pocket medical and dependent care expenses | -\$5,300 | \$0 |
| Remaining spendable income | \$18,955 | \$20,314 |
| Spendable income increase | ----- | \$1,359 |

The example above is for illustrative purposes only. Every situation varies and it is recommended you consult a tax advisor for all tax advice.

*Assumes standard deductions and four exemptions. **Varies, assume 3%.

