

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 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. FSA Plan contributions are deducted each pay period in equal amounts throughout the plan year before taxes are taken out of your paycheck.

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 2019 is \$2,700; 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, co-payments, 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 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 2019 is \$5,000, or \$2,500 if married and filing separately. Funds are available as contributions are made into your account.

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

A. 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 2019 is \$2,700; 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. 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.

Q. How do I access my account funds?

A. You'll receive two Benefit Visa Cards in the mail. For FSA eligible items, you can use your card like a normal Visa card. Funds will be directly taken out of your account. Save your receipts for substantiation requests.

Q. What if I don't use my Benefit Visa Card to pay for an FSA eligible item?

A. You may submit digital claims through the mobile app or online portal, or mail and fax claims by filling out an Expense Reimbursement Request. All receipts must be submitted with claims.

- **Mail:** Benefits Support Center
1600 Riviera Ave Suite 150
Walnut Creek, CA 94596
- **Fax:** 925.464.7553
- **Online:** www.payroll-us.com/logins
- **Mobile App:** PS Administrators in Google Play and iTunes Stores

FSA Savings Example

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

	Without FSA	With FSA
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%.

