

Flexible Spending Accounts

<u>FSA Type</u>	<u>Election Limit</u>	<u>Description</u>
Health Care FSA:	\$2,000 (Annually)	This account may be used to pay for eligible health care expenses with pre-tax dollars incurred by you or your family members that are not reimbursed by any other source. Eligible health care expenses include, but are not limited to, plan deductibles, copays, coinsurance, certain vision, hearing and orthodontia care expenses. The full FSA election amount is available as of the FSA effective date.
Limited Purpose Health Care FSA:	\$2,000 (Annually)	This account is instead of the standard Health Care FSA IF you enroll in the HDHP HSA. This account may only be used to pay for eligible dental and vision expenses with pre-tax dollars incurred by you or your family members that are not reimbursed by any other source. The full FSA election amount is available as of the FSA effective date.
Dependent Care FSA:	\$5,000 (Annually)	This account may be used to pay for eligible dependent care expenses with pre-tax dollars. Eligible expenses include, but are not limited to, before and after school programs, nursery or preschool tuition, summer day camp, or in-home care by a licensed provider. Funds can be accessed only as they are deducted from your pay.
Transit or Parking:	\$3,240 (Annually) \$270 (Monthly)	This account allows employees to pay for parking or public transit using pre-tax dollars. Funds are available on a monthly basis and can be used for parking, train, bus, etc., as long as the employee is using the parking/transit for work purposes.

IMPORTANT NOTE: Please plan carefully when you are determining how much to contribute to your FSAs. Employees will have **2½ months after the end of the plan year** to incur eligible expenses — **The remaining unused funds will be forfeited. This grace period applies to the Healthcare and Dependent Care FSA only.**

If you leave the company prior to the end of the plan year and do not use all the funds, you will forfeit the unused funds upon termination of employment. You will have **90 days** from your date of termination, called the “run-out” period, to submit for claims incurred while you were an active employee. However, please note participant’s have the right to COBRA FSA which can retain your balance. The COBRA administrator (Isolved) has a process to obtain your FSA balance to then determine a rate before sending out the COBRA information.

Why should I participate in a Flexible Spending Account?

There are some great advantages to using a Flexible Spending Account!

- Reduced taxes - the money contributed to an FSA is not subject to taxes (federal income and FICA taxes and most state and local income taxes).
- Increase your take-home pay – less taxes, more money in your pocket
- The Benefits (Debit) Card – pay for expenses at point of purchase

Another advantage to participating in this plan is the opportunity it offers for you to budget for health care expenses by **withholding a small amount from each paycheck in equal installments over the course of the year; however, the funding is available in full on the first day of the plan year.** With proper planning, you won't be faced with having to come up with large amounts of money at one time. This is especially advantageous if you are scheduling a surgery, anticipating maternity expenses, or if you do not have other coverage for dental and vision expenses. Even with active coverage for medical, dental and vision, you still have deductibles, co-pays, and other out-of-pocket expenses to cover.

Please note: If you participate in a Health Savings Account (HSA) you are not eligible to participate in a general purpose Healthcare FSA. You may participate in a Limited Purpose FSA, for qualified dental and vision expenses.

Potential FSA Savings:	<u>Without FSA</u>	<u>With FSA</u>
Annual Income	\$35,000	\$35,000
Annual Pre-tax FSA Election	\$0	-\$2,000
Taxable Income	\$35,000	\$33,000
Taxes Withheld (Annual) 20%	-\$7,000	-\$6,600
Net Pay	\$28,000	\$26,400
Expenses - Annual After Tax	-\$2,000	\$0
Net Spending Income	\$26,000	\$26,400
Increase in Annual Spending Income	n/a	\$400

You can access an FSA calculator at <https://fsastore.com/services/FSACalculator.aspx>