

Flexible Spending Account

FSA

**It's Your Opportunity
To Save Money by Paying For
Health, Dental, Vision, And
Dependent Care With
Tax-Free Dollars**

Part of Your Employee Benefit Plan

The Flexible Spending Account Plan is as Easy as 1, 2, 3!

- 1 Elect an annual election amount based on your estimated expenses for the next Plan Year. Keep in mind that the Medical FSA and Dependent Care FSA are separate accounts, so please make your elections accordingly.
- 2 Your Employer will begin withholding funds from your check on a PRE-TAX basis and depositing them into your FSA account(s).
- 3 When you incur an expense, submit the itemized receipt to Flex Administrators, Inc. and receive reimbursement with your TAX-FREE money.

How Much Do I Really Save in Taxes Using This Account?

	Without Flex	With Flex
Annual Salary	\$40,000	\$40,000
Health Care or Dependent Care Spending Account	-0-	-2,500
Spending Account Deduction		
Taxable Salary (W-2 Income)	40,000	37,500
Federal Tax (15%)	6,000	5,625
State Tax* (4%)	1,600	1,500
Social Security Tax (7.65%)	3,060	2,869
Total Taxes	10,660	9,994
After-Tax Out-of-Pocket		
Medical Expenses	2,500	-0-
Annual Take-Home Pay	\$26,840	\$27,506
Annual Tax Savings with Flex Plan		\$666

* Taxes may vary by state.

** Reimbursement is through W-2, not reimbursed as an expense through third party administrator.

Your Tax Savings



What Kind of Medical FSA Expenses are Eligible?

Qualifying health care expenses may be incurred for you, your legally married spouse, your natural child, your adopted child, a child placed with you for adoption, your step-child or your foster child through December 31 of the calendar year the child turns age 26; or other children, relatives and members of your household who are your "qualifying Child" or "qualifying relative" under IRS guidelines. For a complete definition of Qualifying Child or Qualifying Relative, please contact our office. Your expenses must be incurred (incurred means date of service, NOT date of payment) within the plan year or prior to your employment termination date.

What Do I Need to Submit in Order to Get Reimbursement?

We will accept the following forms of documentation for reimbursement:

Explanation of Benefits form (EOB) from your insurance company.

Itemized receipt from the Service Provider which includes the provider's name and address, date of service, patient name, description of service(s) and the amount of the charge.

Cash Register Receipt for OTC or Prescription Expenses will be accepted as long as the name of the provider, the date of service and the description of the expense is visible on the receipt.

Eligible Health Care Expenses

The following list is not intended to be comprehensive, but contains some of the more common medical expenses. The Internal Revenue Service determines the expenses that are allowable and disallowable. IRS Publication 502, Medical and Dental Expenses, has a checklist of the medical expenses that can be deducted under the Health Care Spending Account.

- Acupuncture
- Ambulance
- Arch supports, knee and wrist braces
- Artificial limbs
- Breast Pump
- Chiropractors' fees
- Christian Science Practitioners' fees
- Coinsurance
- Contact lens solutions/cleaners
- Crutches
- Dentists' fees including fluoride treatments (cosmetic services are typically not covered)
- Dentures
- Dermatologists
- Diabetic supplies
- Eye exams
- First aid supplies
- Gynecologists' fees
- Health/Dental/Vision insurance deductibles and copays
- Hearing aids/batteries
- Infertility treatments
- Laboratory fees
- Laser eye surgery
- Mileage related specifically to an eligible medical visit
- Nutrition Counseling (specific medical condition)
- Obstetrical fees
- Orthodontia
- Orthopedic shoes
- Over-the-counter items purchased to alleviate or treat an illness or injury. See below.
- Physical therapists' fees
- Podiatrists
- Prescription drugs (for non-cosmetic reasons)
- Prescription eyeglasses and/or contact lenses
- Psychiatrists' fees
- Psychologists' fees
- Psychotherapists' fees
- Retin-A used to treat acne
- Routine physicals
- Seeing-eye dog (purchase, training, and care)
- Skilled nurses' fees
- Smoking cessation programs
- Special education for the handicapped
- Speech therapists' fees
- Sterilization fees
- TMJ related treatments
- Therapy treatments (specific medical condition)
- Transportation expenses (for medical reasons)
- Substance addiction treatment
- Wheelchair
- X-rays

Over-the-Counter Medications

Over-the-Counter medications require a doctor's prescription to be eligible for FSA reimbursement. Non-medicated Over-the-Counter products (gauze pads, diabetes test strips, saline solution, etc.) do not require a prescription.

When a claim is submitted for purchase of an OTC medication, a prescription receipt must be included with the claim for reimbursement.

For a list of over-the-counter medications requiring a prescription go to www.flexadministrators.com.

*Normally not, but in some cases may be eligible when prescribed by a physician.

Orthodontia Reimbursement

Please note: Orthodontia reimbursement is based on when the service is incurred, not when payment is made. Also, all first time orthodontia requests must include the Truth in Lending Statement or treatment contract. For assistance in determining what orthodontia expenses would be eligible for reimbursement from this Plan Year please contact our office directly or reference our website for additional information.

What Kind of Dependent Care FSA Expenses are Eligible?

Which dependents are eligible?

An eligible person is defined as an individual who qualifies as a dependent for income tax purposes and is:

- Under the age of 13, or physically or mentally unable to care for himself or herself; or
- Your spouse, or other dependent (child and/or parent) who is physically or mentally unable to care for himself or herself.

If the care is provided outside your home, the expenses can be reimbursed only if the eligible person regularly spends at least 8 hours a day in your home.

What Expenses Are Eligible for Reimbursement?

The following types of care are reimbursable from a Dependent Care Spending Account:

- Care provided inside or outside your home by anyone other than: your spouse, a person you list as your dependent for income tax purposes, or one of your children under age 19.
- Cost of care for school-age children through age 12. This includes nursery school expenses, even if the school also furnishes lunch & educational services. Educational expenses for a child in kindergarten or higher are not considered expenses for care. If dependent is in kindergarten or higher, the cost of schooling must be separated from the cost of care.
- A dependent care center or child care center (if the center cares for more than six children, it must comply with applicable state & local regulations).

NOTE: If you participate in the Dependent Care Spending Account, the IRS will require you to report the Social Security number or Taxpayer Identification number of your provider on your federal income tax return by completing Form 2441.

- A housekeeper, au pair, or nanny whose services include, in part, providing care for a qualifying dependent.
- Day care costs while in day camps
- FICA and FUTA taxes • Preschool or nursery school

How Much Can I Contribute to the Dependent Care Spending Account?

The Internal Revenue Service places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Spending Account.

Generally, your contributions may not exceed the lesser of:

- 1** \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns);
- 2** your taxable income; or



- 3** your spouse's income (for calculation purposes, a spouse who is a full-time student or incapable of caring for himself/herself is considered to have a monthly income of \$250 for one dependent or \$500 for two or more dependents).



How Do I Submit Claims?

You can submit claims by using our Mobile App, Online Claim Submission, Email, Fax or Mail.

For claim submission via the Mobile App or Online Claim Submission you will only need a copy of your required documentation in order to receive reimbursement. If you would like to submit your claim via email, fax or mail you will need to complete a Request for Reimbursement Form and submit that along with the required documentation. This form can be found on our website at www.flexadministrators.com

What Do I Need to Submit in Order to Get Reimbursement?

You will need an **Itemized Receipt** from the day care provider. The receipt must reference the from/through date of service and be signed by the provider (or on the provider's letterhead).

You can prepare your own receipts for your day care provider to complete using the sample below:

Receipt for Child Care Services	
For the Time Period:	____ / ____ / ____ through ____ / ____ / ____
For the Amount of \$	_____
Paid by:	_____
Received by:	_____
Date:	____ / ____ / ____

Ways to Manage Your Account

Our mobile app is available for Android or Apple products!

The app lets you view balances, claims and card transactions as well as submit a claim through the SnapClaim feature! No more faxing receipts! You can file a claim directly from your mobile device with a photo of the receipt.

You can check account balances 24/7 *securely* since no information is stored on the mobile device.



Online Claim Entry

You have the option to enter your claim on our website and then upload your receipts without having to mail or fax anything to our office! Simply log in to your account and choose **ONLINE CLAIMS ENTRY**. From there the website will walk you through entering your claims information and then uploading your receipts. A step by step guide can also be provided to you by contacting our office.

FSASore

Flex Administrators, Inc. has partnered with FSASore to help you understand the many available uses of your Flexible Spending Account.



The site helps make purchasing FSA eligible items simple. You can access the store through our website at www.flexadministrators.com. You can use the coupon code to save on your first purchase.



Things to Consider

Before making your election, consider the following questions. They'll help you make your decision.

- How much have I spent for myself and my dependents on out-of-pocket medically related expenses in the past 12 months?
- How much will I spend for ongoing medical expenses next year?
- Am I better off having dependent care expenses paid through the Dependent Care Spending Account or taking the child care tax credit?
- Does my spouse also contribute to a Dependent Care Spending Account? The maximum amount any one family can contribute during a calendar year is \$5,000.
- Do I understand that I cannot take a federal income tax deduction for expenses I am reimbursed for from my Dependent Care Spending Account?
- If you or any member of your family is enrolled in a high deductible health plan with an HSA, you may be limited in your participation of the medical FSA plan.

Be conservative in estimating your plan year contribution. You may not claim any other tax deduction under this Plan, although the balance of your eligible dependent care expenses may be eligible for the dependent care tax credit. The Dependent Care Spending Account is generally more advantageous than taking a federal tax deduction if you fall into general annual salary categories based on how you file your federal income tax and your adjusted gross income. See the dependent care worksheet that compares the tax credit to the Dependent Care Spending Account plan.

Legal Requirements of the Plan

- 1 Binding Contribution:** When a participant signs up to make a contribution, the amount decided upon is "locked in" unless they incur a "change in status" (explained below).
- 2 Use-it or Lose-it Rule:** Please refer to your plan specifics sheet to determine if this may or may not impact you.
- 3 "Advance Reimbursement"** applies only to the Health Care Spending Account and allows a participant to be reimbursed up to the maximum of their plan year election prior to their full year contribution.

Can I Change My Election During the Plan Year?

Generally, no. You may not change your contribution during the plan year, unless you have an IRS "change in status," and the change in your contribution is "due to and on account of" the change in status. The IRS defines a change in status as:

- 1 Change in employee's legal marital status** – including marriage, divorce, death of spouse, legal separation, and annulment.
- 2 Change in number of dependents** – including birth, adoption, placement for adoption, and death.
- 3 Change in employment status** – Any of the following events that change the employment status of the employee, the employee's spouse, or the employee's dependent qualify: a termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; and a change in work site.
- 4 Dependent satisfies (or ceases to satisfy) dependent eligibility requirements** – an event that causes the dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, gain or loss of student status, marriage, or any similar circumstances.

This chart will help to explain the Use-it or Lose-it rule.

\$25.00 Weekly Contribution x 52 Weeks	\$1,300.00
15% Federal Income Tax Savings	\$195.00
7.65% Social Security Tax Savings	\$99.45
4% State Tax Savings*	\$52.00
Total Tax Savings	\$346.45
Money Left in account at the end of the year	\$100.00
Tax Savings Even With Money Left In Account	\$246.45

*Tax rates may vary by state.

Use-it or Lose-it. Is it that bad?

Flexible Spending Account regulations require that money not used by the end of the plan year must be forfeited, so it's important to plan carefully. Keep in mind that you cannot transfer Flexible Spending Account monies from the Health Care Account to the Dependent Care Account and vice versa. This table shows the tax savings even if there is money left in the account. As you can see, the example leaves \$100.00 which is forfeited because of non use. Yet because of the tax savings this individual would still be tax dollars ahead by participating.

- 5 Residence change** – a change in the place of residence of an employee, spouse, or dependent (if the residence change affects the employee's eligibility for coverage).

You can also change your contribution to the dependent care account during the plan year in the following situations:

- When the dependent ceases to qualify as a dependent (for example, the child reaches age 13);
- When the employee switches to a new dependent care provider; and,
- When the cost of the dependent care expense increases or decreases. However, a mid-year election change due to cost is not allowed where the dependent care provider is a relative of the employee.

If a change in status occurs, you must inform your employer of your new election within 30 days of the occurrence.



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