



# Employee FAQ:

## Flexible Spending Accounts

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### **What is an FSA?**

A healthcare flexible spending account (FSA) is an employer-sponsored benefit that allows you to set aside pre-tax dollars into an account to be used for eligible medical expenses.

### **Why should I participate in an FSA?**

Contributions to the FSA are deducted from your paycheck on a pre-tax basis, reducing your taxable income. You can increase your spendable income by an average of 30% of your annual contribution with the tax savings.

### **How do I contribute money to my FSA?**

Your annual election will be divided by the number of pay periods in your plan year. This amount will be deducted from your paycheck before taxes are assessed.

### **Who is eligible under an FSA?**

An FSA covers eligible expenses for you and all of your dependents, even if they are not covered under your primary health plan.

### **What expenses are eligible for reimbursement?**

Health plan co-pays, deductibles, co-insurance, eyeglasses, dental care, and certain medical supplies are covered. The IRS provides specific guidance regarding eligible expenses. (See IRS Publication 502).

### **How do I determine the date my expenses were incurred?**

Expenses are incurred at the time the medical care was provided, not when you are invoiced or pay the bill.

### **How do I get the funds out of my FSA?**

If you have a benefits debit card, simply swipe it at the register. Otherwise, just file a claim including the receipt documenting the type, amount and date. Once approved, your reimbursement check will be mailed or deposited into your bank account.

### **What happens if I don't spend all of my FSA by the end of the plan year?**

Be sure to only allocate dollars for predictable medical expenses. Any unused funds at the end of the plan year are forfeited, also called the use-it-or-lose-it rule.

### **How soon can I start spending my FSA funds?**

With a healthcare FSA, your entire annual election amount is available on the first day of the plan year even though you have not yet contributed that amount.

### **Can I change my election amount mid-year?**

Elections can only be altered if you experience a change in status as defined by IRS regulations, such as marriage, divorce, birth, or death in your immediate family.

### **What happens to my FSA if my employment is terminated?**

Participation in your FSA is also terminated. This means that only expenses that were incurred prior to your termination date are eligible for reimbursement.

### **What is the deadline for submitting claims?**

You can submit claims for reimbursement at any time during the same plan year that you incur the expense. You may also have a grace period at the end of the plan year. Check the summary plan document your employer provided.

### **Can I still deduct healthcare expenses on my tax return?**

Yes, but not the same expenses for which you have already been reimbursed from your FSA.

### **Are over-the-counter (OTC) medications eligible for reimbursement?**

Yes. OTC medications are eligible with a doctor's prescription. You will need to submit a claim with the receipt for the OTC medicine along with the prescription from your doctor that includes the diagnosis and course of treatment to receive reimbursement.



# Employee FAQ:

## Dependent Care FSA

### **What is a dependent care FSA (DCA)?**

A DCA is a flexible spending account that allows you to contribute a portion of your paycheck before taxes are taken out to pay for qualified dependent care expenses so that you can work or look for work.

### **Why should I participate?**

Since contributions to the account are deducted from your paycheck before income taxes are assessed, your taxable income is reduced. Participants enjoy a 30% average tax savings on the total amount they contribute to the account.

### **How do I contribute money to my DCA?**

Once you make your annual election during open enrollment, your employer will deduct this amount from your paycheck before taxes are assessed in equal amounts throughout the year.

### **How much can I contribute?**

The IRS limits annual contributions to \$5,000 on income tax returns for single or married filing jointly, and \$2,500 for married filing separately.

### **Who qualifies as a dependent?**

You can use your DCA to pay for care for children under age 13 that you claim as dependents, as well as adults or other relatives that are incapable of caring for themselves (if you provide more than 50% of their support).

### **What type of care is eligible?**

Eligible expenses must be for the purpose of allowing you to work or look for work. Services may be provided at a child or adult care center, nursery, preschool, after-school, summer day camp, or a nanny in your home.

### **What type of care is not eligible?**

Care expenses that are not eligible to be paid with DCA funds include care for a child over age 13, overnight camp, babysitting that is not work related, school fees for kindergarten and higher grades, and long-term care services.

### **Do I have access to my entire DCA election amount at the beginning of the year?**

No, you will only have access to DCA funds that have already been deducted from your paycheck.

### **Are there any rules about who can care for my dependents?**

Yes. You can not use funds to pay for care provided by a spouse, a person you list as a dependent for income tax purposes, or one of your children under the age of 19.

### **How do I use the funds in my account?**

If you have a benefits debit card and your care provider accepts credit cards, you may pay directly from your account. Otherwise, pay out-of-pocket and then file a reimbursement claim with your expense documentation.

### **What happens if I don't spend all of my DCA funds by the end of the plan year?**

It is essential to estimate conservatively during elections. Any unused funds at the end of the plan year are forfeited, also called the use-it-or-lose-it rule.

### **Can I change my election amount mid-year?**

Typically, you cannot change your contribution mid-year. However, if you experience a qualifying event, such as the birth of a new child, or if your child care provider significantly increases their rates, you may be eligible to adjust your contribution.

### **What happens to my account if my employment is terminated?**

Participation in the plan is also terminated. This means that only expenses that were incurred prior to your termination date are eligible for reimbursement.

### **Can I still deduct dependent care expenses on my tax return?**

Yes, but not the same expenses for which you have already been reimbursed. If your total expenses were \$7,000 and you were reimbursed \$5,000 from your DCA, you may only claim the \$2,000 difference.