

# An Introduction to FSAs

A flexible spending account (FSA) is a personal expense account that lets you set aside a portion of your salary pretax and use that money to pay for medical costs not paid for by your health plan.

## How it works

- You enroll in your employer-sponsored FSA
- You elect a contribution amount for the year. Contribute only what you think you'll need, because any money left at the end of the year does not roll over unless your employer allows FSA rollover or a grace period. WCUUSD allows a rollover of \$570.00.
- At the beginning of the year, you have access to the full annual election amount you chose. Your contributions are deducted in equal installments throughout the year from your paycheck, so there's no extra work on your part. The deductions are made pretax, so they should ultimately reduce your tax bill.
- Throughout the year, you can use the money in your FSA to pay for health expenses that are not paid by the the health plan or the HRA.

## How much should you contribute?

When deciding how much to contribute to your FSA, consider the following questions:

- Do you expect to have medical, dental, or vision expenses that are not fully paid or covered by insurance?
- Do you, your spouse, or your eligible tax dependents have an ongoing condition that requires expensive medication or frequent visits to a physician that are not by the health plan?
- Do you, your spouse or eligible dependents need prescription eyeglasses, sunglasses, contact lenses and/or lens solution?
- Do you pay for day care for your children or adult dependents?
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Remember, be conservative in your estimates because money left in the account. The district allows only \$570.00 to rollover into the next year. Amounts above this value will be forfeited.



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# Medical Flexible Spending Account (FSA) worksheet

A medical flexible spending account (FSA) is an easy way for you to pay for health care costs tax-free. It is important to estimate your out-of-pocket expenses since any unused funds at the end of the year or grace period will be returned to your employer. Use this worksheet to calculate how much you should set aside for your medical FSA.

## Estimate your medical expenses

(The IRS allows a 2020 maximum contribution of **\$2,750**)

<b>Estimate your annual cost for out-of-pocket medical expenses</b>	
Out-of-pocket costs up to your deductible, along with co-pays or co-insurance	\$
Prescription drugs	\$
Medical supplies (insulin and diabetic supplies)	\$
<b>Out-of-pocket dental, vision and hearing expenses</b>	
Checkups and cleanings	\$
Fillings, X-rays, crowns, bridges, dentures, inlays	\$
Orthodontia	\$
Eye exams	\$
Prescription eyewear – glasses, contact lenses and cleaning solution	\$
Corrective eye surgery – LASIK, cataract, etc	\$
Hearing aids and batteries	\$
<b>Estimated total out-of-pocket health care expenses</b>	<b>\$</b>

## Estimate your annual tax savings from a medical FSA

Enter your estimated total out-of-pocket health care expenses from above	\$
Enter your tax rate <sup>1</sup> and multiply	x %
<b>This is your estimated annual tax savings by using a medical FSA</b>	<b>\$</b>

<sup>1</sup> Depends on your tax filing status.  
Please consult your tax advisor with questions.

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