AMERICAN BENEFITS GROUP

Empowering Technology. Exceptional Service.

Sign Up Now For A Pay Raise!



With the ABG Flex Plan, you set aside money from your paycheck, place it in a Flexible Spending Account to pay for certain medical expenses before taxes are taken from your pay.

Your Flexible Spending Account

Your employer offers you a way to increase your spendable income. This benefit is referred to as a Flexible Spending Account (FSA) or Flex Plan. Two reimbursement accounts are available, the Health (FSA) and the Dependent Care Assistance Plan (DCAP). Using these plans will save you money by allowing you to pay for medical and dependent care expenses with pre-tax instead of after-tax dollars.

Eligible

Examples of Eligible Medical Expenses

- Acupuncture
- Ambulance
- Artificial Limbs
- Birth Control Pills
- Braille – Books and Magazines
- Car Controls for the Handicapped
- Chiropractors
- Co-Payments and Deductibles
- Contact Lenses
- Dental Fees
- Dentures
- Dermatologists
- Diagnostic Fees
- Donor Testing and Fees
- Eye Exams
- Eyeglasses
- Fees for Practical Nurse
- Hearing Devices and Batteries
- Home Improvements Necessitated by Medical Conditions (i.e., Wheelchair Ramp)
- Hospital Fees
- Laboratory Fees
- Obstetrical Expenses
- Orthotics
- Orthodontics
- Oxygen
- Physician's Fees
- Prescription Medicines
- Psychiatric Care
- Psychologist's Fees
- Physical Therapy
- Service Animal and its Upkeep
- Special Education for the Handicapped
- Special Plumbing for the Handicapped
- Sterilization Fees
- TTY Telephone for the Deaf
- Television Equipment (Closed Caption) for the Deaf
- Therapeutic Care for Drug and Alcohol Addiction
- Transportation Expenses for Medical Treatment
- X-rays

Eligible Over-the-counter Items

- Bandages
- Braces & Supports
- Catheters
- Cholesterol Test Kits
- Colorectal Cancer Screening Tests
- Condoms
- Contact Lens Solutions
- Denture Adhesives
- Diagnostic Tests and Monitors
- Elastic Bandages & Wraps
- First Aid Kits
- Home Drug Tests
- Incontinence Supplies
- Insulin & Diabetic Supplies
- Ostomy Products
- Reading Glasses
- Sunblock (SPF 15 or higher)
- Wheelchairs, Walkers & Canes

These are examples only. For eligibility of any specific expense, visit amben.com/fsa.

How the Plan Works

You manage your Flex Plan by deciding to budget some of your income to pay for certain medical and/or dependent care expenses. Before the plan year begins, you elect to have a portion of your compensation placed in one or both of the reimbursement accounts. An equal amount will be withheld from your paycheck on a "pre-tax" basis each pay period during the plan year.

When you have an eligible medical, dental, or vision expense not fully covered under your health plan, you will be reimbursed from the Health Flexible Spending Account (Health FSA) up to the total amount you have budgeted for the year. Dependent care expenses will be reimbursed from your Dependent Care Assistance Plan (DCAP) up to the total amount accumulated in the account at the time of each reimbursement.

The accumulated pre-tax dollars are used in place of after-tax dollars to pay for eligible expenses, resulting in a tax savings for you. You are now using "untaxed" money to pay for services that you used to pay for with after-tax dollars. Because you are lowering your taxable income, you save on both Social Security taxes and Federal Income taxes and, in most cases, State taxes as well. By reducing your taxable pay for Social Security purposes, your benefits at retirement may be slightly reduced.

The Health Flexible Spending Account (Health FSA)

The Health FSA is designed to help you pay for out-of-pocket expenses not covered by your health plan(s). The maximum amount you may be reimbursed in a Plan Year through your Health FSA is $2,550.

Medical expenses reimbursed through your Health FSA cannot also be claimed as a deduction for income tax purposes. (This is a deduction which is only available to the extent your total medical expenses exceed 10% of your adjusted gross income.)

Reimbursement is available for medical expense claims for you and your spouse or eligible dependents, incurred after you have enrolled and become an active participant in the plan. The amount you have agreed to set aside in your Health FSA may be used to pay for most expenses which would qualify as medical deductions under IRS rules. Eligible expenses include health plan deductibles, co-payments, vision and dental expenses.

Limited Purpose FSA (LPF)

If you have an HSA compatible HDHP paired with a Health Savings Account (HSA), you cannot make contributions to your HSA if you are enrolled in a general purpose FSA. By offering a LPF which limits reimbursements to vision and dental expenses, you can continue to take advantage of an FSA for these expenses while also being able to make contributions to your HSA. The maximum amount you may be reimbursed in a Plan Year through your LPF is $2,550.

The Dependent Care Assistance Plan (DCAP)

The DCAP is designed to help you pay for childcare services (or for dependents who are disabled) when those services make it possible for you and your spouse to work. Any type of dependent care that you could legally claim if you were filing for a credit on your tax return is eligible for reimbursement under the DCAP.

QUALIFICATION. You qualify to use this account if:

- You are a single parent; or
- You have a working spouse, or
- Your spouse is a full-time student for at least five months during the year and attending class while you are working; or
- Your spouse is disabled and unable to provide for his or her own care.

ELIGIBLE EXPENSES. Expenses may be reimbursed for services provided:

- Inside or outside your home by anyone other than:
  1. Your spouse,
  2. Someone who is your dependent for income tax purposes,
  3. One of your children under age 19; or

- In a child care center (if the center cares for more than six children, it must comply with all applicable state and local regulations); or
- By a housekeeper whose services include, in part, providing care for an eligible dependent.

TAX CONSIDERATIONS. It may not always be in your best advantage to make use of the DCAP because expenses reimbursed from this account may not be used as a federal income tax credit. You'll have to determine which approach is best for your particular circumstances.

The IRS regulations state that the maximum amount you may be reimbursed in a calendar year for DCAP is $5,000 per family (or the taxable income of the lowest paid spouse if less than $5,000). If you are married and filing separately, the maximum is $2,500 per person filing.

The Importance of Planning

To get the most tax savings from your Flexible Spending Accounts, you should plan your contributions carefully. It is important that you be conservative when estimating your expenses for the plan year. IRS regulations that apply to your FSA state that any money set aside in these accounts that is not used for expenses incurred during the plan year or grace period must be forfeited. This is referred to as the ***use-or-lose*** rule. The unused dollars contributed cannot be returned to you. However, if your employer has adopted the Carryover Provision for your Health FSA, up to $500 of your FSA balance will rollover into the new plan year.

To avoid losing any money, you should estimate what your eligible expenses will be before you decide how much to contribute – and then commit to a little less. For example, if you know you're going to have medical expenses that are not covered by your medical plan, such as co-payments, vision or dental work, put enough in your Health FSA to cover these expenses. If you terminate employment, you will only be reimbursed for expenses incurred prior to your termination date unless you qualify for, and elect COBRA.

In addition, IRS regulations prohibit transferring funds from one account to another during the plan year. Money in the DCAP cannot be used to pay medical expenses, nor can money in the health FSA be used to pay dependent care expenses.

The IRS also does not permit duplication of coverage. Therefore, all applicable medical charges must first be submitted to your standard plan of benefits.

If Your Needs Change After You Enroll

Since the elections you establish now are binding until the next enrollment period, it's very important that you plan your expenses accurately. You cannot change your election after your plan year begins. The only exception to this is if you have a ***Qualifying Status Change Event***. When one of these changes occurs, contact your benefits administrator. The change must be on account of, and consistent with, one of the following events:

- Change in employee's legal marital status
- Change in number of dependents
- Change in employment status
- Dependent satisfying or ceasing to satisfy dependent eligibility requirements
- Entitlement to Medicare or Medicaid
- Judgment, decree or court order

The following status change events permit changes to insurance premium contributions only. Changes to FSA benefit elections are not allowed for these status changes:

- Change in benefit cost, benefit coverage or plan options
- Change in residence

Quick Tips

Why is my card being declined?

The ABG Benefits Card may be declined when you use it for one of a few reasons:

1. You are using your card at an ineligible location.
2. You're using it to pay for an expense that is not eligible under the Flex Plan.
3. Your card has been temporarily suspended due to an unsubstantiated or ineligible expense.

Documentation Request Notification

You will be requested to submit receipts to validate certain transactions. While many pharmacies use an inventory system (IIAS) that validates Rx purchases at the point of sale, many other merchants do not have this capability. Although the debit cards will reduce the amount of paperwork on your part, it will not eliminate the need to submit documentation.

You will receive Documentation Request Notices by email if you have an email address on file, and mailed to your home. The emails will come from claims@amben.com, they are not spam, so be sure to watch for them.

Please, do not submit requested documentation attached to a claim form.

Do not send in statements or receipts unless you receive a Documentation Request Notification.



Domestic Partners

Only medical expenses of a domestic partner who is a tax dependent of the employee are eligible for tax-free reimbursement from an employee's health FSA. Medical expenses for a domestic partner who is not a tax dependent are not eligible, even if the employer offers domestic partner health insurance benefits.



Avoid the Hassle of Out-of-Pocket Expenses

With the ABG Benefits Card, you have these benefits:

- **Convenience** – no more claim forms to file and no more waiting for reimbursement. Use your card and pay your provider directly; the funds will be instantly deducted from your reimbursement account. You may be requested to submit documentation to verify the eligibility of your card transaction.
- **Multi Purse Feature** – all of your reimbursement accounts may be accessible with the swipe of one debit card (check with your employer).
- **Auto Substantiation** – in certain cases because of IIAS (Inventory Information Approval System) you will not be required to provide any additional documentation or receipts after you use your debit card.

Always keep statements and receipts – it is an IRS requirement.

Never use your card to pay for an expense that was incurred (the service was provided) in a previous plan year.

3-Year Effective Date

Save your ABG Benefits Card, even after you use up your FSA funds or when the Plan Year ends, your card is good for three years. New plan year funds will be loaded on your card the first day of the new plan year.

Get Your Benefits On The Go!

WealthCare Mobile App



- Account Balances
- Recent Transactions
- Claims Details
- Upload Statement/Receipt images taken with your mobile device, Submit Claims or Substantiate Card Transactions

Available for iPhone

Available for Android

Employee Tax Savings Example

These examples have been designed to help you understand the value of your Flexible Spending Accounts. They are intended as sample illustrations only. Also, see our Tax Savings Calculator at www.amben.com/fsa choose Tools and Calculators.

Example #1:

This example is based on the individual salary of Mary Jane Doe. She is single, earns $28,500 a year and claims the standard deduction. She contributes $2,000 to her Health FSA account. It does not take into account any potential savings for contributions toward her insurance premiums or retirement accounts.

	Current		With FSA	
Gross Income	$28,500		$28,500	
FSA Contributions			-$2,000	
W-2 Income	$28,500	$28,500	$26,500	$26,500
Standard Deduction	-$6,350		-$6,350	
Exemptions	-$5,500		-$5,500	
Taxable Income	$16,650		$14,650	
Federal Income Tax		-$2,475		-$2,197
Social Security Tax		-$1,274		-$1,121
State Tax		-$571		-$461
Medical Expenses		-$2,000		
Net Income		$21,680		$22,721
FSA Tax Savings:	**$541**			

Example #2:

John Doe and his spouse earn $42,500 a year, file a joint return and claim the standard deduction. They have one 10 year old child and contribute $5,000 to their Dependent Care Assistance Plan. This example does not take into account any potential savings for contributions toward their insurance premiums or retirement accounts.

	Current		With DCAP	
Gross Income	$42,500		$42,500	
FSA Contributions			-$5,000	
W-2 Income	$42,500	$42,500	$37,500	$37,500
Standard Deduction	-$7,200		-$7,200	
Exemptions	-$8,250		-$8,250	
Taxable Income	$27,050		$22,050	
Federal Income Tax		-$4,058		-$3,308
Child Care Credit		$552		
Social Security Tax		-$2,069		-$1,687
State Tax		-$858		-$583
Dependent Care Expenses		-$5,000		
Net Income		$31,067		$31,922
FSA Tax Savings:	**$855**			

AMERICAN BENEFITS GROUP

Office Hours: 8:30am – 5:00pm EST
PO Box 1209 • Northampton, MA 01061-1209
Tel: 800-499-3539 • Fax: 877-723-0147 • support@amben.com