

smart ways to save

FLEXIBLE SPENDING ACCOUNTS



What is a flexible spending account?

A **flexible spending account (FSA)** is a benefit that allows you to set aside money from your paycheck, before it is taxed, to pay for eligible expenses for you and your family. With an FSA, your annual pledged amount is deducted from your paycheck each pay period, in equal installments throughout the year. Every dollar you put into an FSA means more tax-free, spendable income. There are two types of FSAs:

- ✔ A **medical/dental/vision care FSA** provides for reimbursement of eligible out-of-pocket medical, dental, and vision care expenses for you, your spouse, and your dependents that are not paid for by insurance, up to your annual pledged amount.
- ✔ A **dependent care FSA** provides for reimbursement of work-related child care for dependents under age 13 or dependent disabled adults, up to your annual pledged amount.



How will an FSA help me save money?

You pay less in taxes, which increases your take-home pay. The amount you save in taxes depends on how much you set aside and the amount of your expenses. Here's an example of the tax savings that are possible for a family with a gross income of \$45,000 and with an annual FSA contribution of \$2,000. Using a 25% tax bracket, this family can save \$1,500 by contributing to a health care FSA:

	With FSA	Without FSA
Annual Income	\$45,000	\$45,000
Spending Account Contribution	-\$2,000	-\$0
Taxable Income	=\$43,000	=\$45,000
Estimated Federal Income Tax	-\$10,750	-\$11,250
Total	=\$32,250	=\$33,750
Health Care Expenses	-\$2,144	-\$2,144
Net Pay	=\$30,106	=\$31,606
Health Care FSA Savings	=\$1,500	



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saving is simple

- ✓ Estimate your FSA-eligible expenses for the year. Then decide how much money you want to set aside, up to \$2,500 annually.
- ✓ You will enroll in the FSA when you enroll in your benefits. You must complete an FSA enrollment/waiver form even if you choose not to participate in an FSA.
- ✓ After the plan year starts, money will be set aside from each paycheck and put into your FSA. You pay no taxes on that amount.
- ✓ As you pay for eligible expenses, you reimburse yourself from your FSA. Your FSA also comes with a flex debit card, which makes it easy to pay directly from your FSA.
- ✓ You have secure 24-hour access to your account balance and other valuable information through www.MedCost.com.

How does the flex debit card work?

Your flex debit card gives you instant access to your FSA funds with a single swipe. You can use your card at tens of thousands of locations, including most major merchants, to pay for qualified medical expenses not covered by your health insurance. Payments are deducted directly from your FSA, reducing the amount of paperwork and turnaround time for reimbursement. Always save your receipts, just in case MedCost needs verification or the IRS audits your tax return. You can always securely access your account balance and other valuable information through www.MedCost.com.

You can use the card to pay for

- Prescription* and health plan copayments, deductibles, and coinsurance
- “Amount due” on medical and dental statements
- Orthodontics
- Mail-order or online prescription invoices within the U.S.
- Vision services and eyeglasses
- LASIK surgery
- Eligible over-the-counter (OTC) items such as
 - First aid dressings and supplies like bandages and rubbing alcohol
 - Contact lens solutions/supplies
 - Diagnostic products like thermometers, blood pressure monitors, and cholesterol testing
 - Insulin and diabetic testing supplies

**Certain over-the-counter medications now require a prescription to be eligible for FSA reimbursement and cannot be purchased with your flex debit card. You must complete a manual claim form for reimbursement and submit a copy of your prescription with the reimbursement request. Dependent care expenses are not accessible through the flex debit card.*