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FSA Quick Reference Guide

A PLAN THAT PUTS MORE MONEY IN YOUR POCKET

If you find yourself spending money out of pocket on medical expenses or dependent care expenses, participating in a Flexible Spending Account (FSA) can make these costs more affordable.

With an FSA, you elect to have a specified amount of money deducted from your paycheck (on a pre-tax basis) each pay period, meaning less of your hard-earned income is subject to tax. The example to the right demonstrates how you can increase your take-home pay with an FSA (if you were to elect a $250 annual pre-tax deduction).

Without this Plan

Gross Pay (annual)	$ 30,000
Tax Deductions (@25%)	$ 7,500
Total Take-Home Pay	$ 22,500
Unreimbursed Expenses	$ 1,000

With this Plan

Gross Pay (annual)	$ 30,000
FSA Election	$ 1,000
Tax Deductions (@25%)	$ 7,250
Total Take-Home Pay	$ 22,750

Result: $250 increase in take-home pay

TYPES OF FLEXIBLE SAVINGS ACCOUNTS

HEALTH FSA

Health FSAs are one of the most popular benefit plans offered by employers because they provide employees with a practical way to pay for everyday, routine medical expenses such as copays, deductibles, and vision care. Another big advantage - employee contributions are available on the first day of the plan year.

The annual limits for health FSAs are currently set by the employer. However, the health care reform law currently imposes a $2,750 cap on annual salary reduction contributions to health FSAs offered under cafeteria plans.

DEPENDENT CARE FSA

Similar to an FSA, a Dependent Care FSA (DCA) is an account that can be used by employees to pay for the daily care of an eligible child or adult dependent, so long as the dependent care service allows the employee and his or her spouse to be employed. Typical DCA expenses are those incurred to have a babysitter or day-care provider take care of an employee's child (under the age of 13) while the employee and spouse are at work, or to take care of a spouse or other adult dependent who lives with the employee and is incapable of self-care.

The annual contribution limit for Dependent Care FSAs is the smallest of the following amounts: (1) $5,000 for married individuals filing a joint return or for unmarried individuals; (2) $2,500 for married individuals filing separately; (3) the employee's earned income; or (4) the spouse's earned income, if the employee is married at the end of the taxable year. All limits are based on the employee's taxable calendar year.

IMPORTANT QUESTIONS ANSWERED

WHAT HAPPENS TO UNUSED FUNDS AT THE END OF THE PLAN YEAR?

The IRS allows employers to select one of two choices to address any unused funds at the end of the plan year: A Grace Period or Rollover.

A Grace Period is a 2.5-month period following the end of a plan year during which remaining funds can be used to pay for eligible expenses. In other words, employees may be permitted to submit eligible expenses incurred during the grace period and be reimbursed from unused funds remaining at the end of the plan year. Employers can also allow a maximum rollover of up to $500 for use in the following plan year. Please note that some employers may choose to opt out of both options. Log in to the MyAmeriflex Portal to determine whether or not a grace period or rollover is offered by your employer.

WHAT IF I WANT TO MAKE A CHANGE TO MY ELECTION?

A cafeteria plan must provide that employee elections are irrevocable and cannot be changed during the plan year. However, most employers allow employees to change their elections during the year if the employee experiences an event that falls under one of several exceptions allowed by the IRS (called "permitted change in elections events"). Specifkally, an employer can design the cafeteria plan to permit an employee to change his or her election during the year if the employee experiences one of the permitted election change events. Please refer to your plan documents for any permitted election change events.

WILL ENROLLING FOR AN FSA IMPACT MY SOCIAL SECURITY BENEFITS?

Any reductions in your taxable income may also lead to a reduction in your Social Security benefits; however, for most employees, the reduction in Social Security benefits is insignificant when compared to the value of paying lower taxes.

DEPENDENT CARE TAX CREDIT VS. DEPENDENT CARE FSA

If you participate in a DCA, you cannot claim credits on your income tax return for the same expenses. Also, any amount reimbursed under this plan will reduce the amount of other dependent care expenses that you can claim for purposes of tax credits. Before you participate, you should evaluate whether the federal income tax credit will save you more money than the DCA. The relative tax advantages of each option, as well as the possible impact on your tax liability and your ability to take advantage of the Earned Income Tax Credit, may depend on the option you choose and your personal tax situation. If you are unsure about which option to choose, you should consult your tax or financial advisor.

HOW DO I FILE A CLAIM?

Filing a claim is a breeze with our MyAmeriflex Mobile App and/or MyAmeriflex Portal! After you register your account online at myameriflex.com, and you can request reimbursement, sign up for direct deposit, upload receipts, and pay a provider directly. Additional options such as email, mail, and fax are available.

For more information please visit myameriflex.com

Visit the FSA Store at: FSAStore.com/ AMQRG

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MYAMERIFLEX CARD

The MyAmeriflex Card is a debit card that provides you with instant access to your FSA funds. When your card is swiped by an eligible merchant or provider, the system qualifies the expense to ensure that the expense and provider are eligible under your plan. It is important to remember that back-up documentation may be required to qualify an expense, so please be sure to save all of your receipts.