Flexible Spending Accounts

Paying for health care is now easier *and* less expensive with a Flexible Spending Account (FSA) from ConnectYourCare.

What is an FSA?

A Flexible Spending Account is a tax-advantaged account that allows you to use pre-tax dollars to pay for qualified medical or dependent care expenses. You choose how much money you want to contribute to an FSA at the beginning of each plan year and can access these funds throughout the year. This contribution is subject to certain legal limits.

- **Multiple uses.** There are hundreds of eligible expenses for your FSA funds, including prescriptions, some over-the-counter items, doctor office copays, health insurance deductibles and coinsurance. FSA funds may even be used for eligible expenses for your spouse or federal tax dependents. See the list of Eligible Expenses in this guide for more details.
- **Easy to access.** Funds in the account are easily accessed with the payment card. Your account balance is available at any time online, through the mobile app, or over the phone.
- **Tax advantages.** Since FSA contributions are not taxed, you can reduce your taxable income by the amount you contribute to your FSA. You can then use those pre-tax dollars to pay for eligible health care expenses that would have otherwise been paid with post-tax dollars.
- **Rapid reimbursements**. Paying for health care expenses is easy when you use your payment card. If you do not use your card, you can quickly and easily create your claim online. Once you submit your receipts, we will reimburse you via check or direct deposit.

Enroll today and save big on health care costs!

FSA Rules & Regulations

- The IRS requires that all FSA purchases be verified as eligible expenses. Sometimes, purchases are automatically verified when you use your card. Other times, we will request itemized receipts. **Always save your itemized receipts!**
- Beginning January 1, 2017, **Health FSA contributions are limited by the IRS to $2,600 each year** (the limit prior to 2017 was $2,550). The limit is per person; a husband and wife may each contribute up to the limit. Your employer may elect a lower contribution limit. Please see your plan documents or check with your Human Resources office for the specifics of your plan. The limit may be adjusted annually to account for inflation increases.
- The IRS also requires that employers make the full annual Health FSA election available to employees when an eligible expense occurs, regardless of whether you have deposited enough to cover the full amount at that point in time.

  For example, let's say you choose to contribute $1,200 per year, equal to a payroll deduction of $100 a month. You are eligible for reimbursement up to the full $1,200 in the first month, even though you have only deposited $100 in your account. Remaining deductions will be taken from your pay during the rest of the plan year.

Dependent Care Account

You may also choose to enroll in a Dependent Care Account (DCAP), which is an alternative to the Dependent Care Tax Credit and covers dependent and certain elder care expenses while you are at work (special requirements apply). If you work and have children, a disabled spouse, or qualifying dependent parents, you know how important it is to have reliable and affordable care for them while you are at work.

A Dependent Care Account allows you to pay for these expenses and get a tax break at the same time. Expenses must be for qualifying dependents. See IRS Publication 503 child and dependent Care Expenses. Typical expenses under this account include charges for day care, nursery school, and certain elder care (unless it is for medical care) for your legal dependents. See the list of Eligible Expenses included in this guide for more details.

Eligibility Requirements

To be reimbursed through your Dependent Care Account for child and dependent care expenses, you must meet the following conditions:

- You must have incurred the expenses in order for you and your spouse, if married, to work or look for work, unless your spouse was either a full-time student or was physically or mentally incapable of self-care.
- You cannot have made the care payments to someone you can claim as your dependent on your federal tax return or to your child who is under age 19.
- Your filing status must be single, qualifying widow(er) with a dependent child, married filing jointly, or married filing separately.
- You and your spouse must maintain a home that you live in for more than half the year with the qualifying child or dependent.

Dependent Care Account Rules and Regulations

- Unlike the health FSA, you must use all of your Dependent Care Account funds by the end of your plan year, or remaining funds will be forfeited, according to IRS regulations.

  The FSA calculator in this guide helps you estimate your dependent care expenses, so that you contribute the right amount.
- According to the IRS, you may contribute up to $5,000 per year if you are married and filing a joint return, or if you are a single parent. If you are married and filing separately, you may contribute up to $2,500 per year per parent.
- Unlike the health FSA, you may only receive reimbursement from your DCAP account equal to the amount you have actually deposited.

A Dependent Care Account allows you to pay for qualifying child care expenses with pre-tax money!