

# Flexible Spending Account (FSA)

- **Your Flexible Spending Account is set up through Health Equity**
- **G&W contributes to your FSA if you enroll in the G&W Medical PPO Plan:**
  - **Employee only - \$500 annually**
  - **Employee, Spouse or Children - \$750 annually**

Flexible spending accounts, or FSAs, provide you with an important tax advantage that can help you pay health care and dependent care expenses on a pre-tax basis. By anticipating your family's health care and dependent care costs for the next plan year, you can lower your taxable income.

Essentially, the Internal Revenue Service (IRS) set up FSAs as a means to provide a tax break to employees. As an employee, you agree to set aside a portion of your pre-tax salary in an account, and that money is deducted from your paycheck over the course of the year. The amount you contribute to the FSA is not subject to social security (FICA), federal, state or local income taxes—effectively adjusting your annual taxable salary.

## **The Health Care FSA**

The health care FSA lets you pay for certain IRS-approved medical care expenses not covered by your insurance plan with pre-tax dollars. For example, cash that you now spend on deductibles, copayments or other out-of-pocket medical expenses can instead be placed in the health care reimbursement FSA pre-tax. Eligible health care expenses for the health care reimbursement FSA include more than just your deductible and copayments. You can also reimburse items such as prescription drugs, dental expenses, eye glasses and contacts, certain medical equipment and many more items. For more information about eligible medical expenses, please refer to IRS Publication 502, Medical and Dental Expenses, available at [www.irs.gov/publications/p502/index.html](http://www.irs.gov/publications/p502/index.html). **The annual maximum contribution to the health care reimbursement FSA is \$2,750.**

Health FSAs employ a “**use-it-or-lose-it**” model. If you do not use the funds that you contribute to your FSA within the end of the year, you will have to forfeit those funds. However, you have available to you a carryover up to \$500 of unused funds from one year to the next. In addition, any amount that is carried over does not count toward the maximum contribution limit.

## **The Dependent Care FSA**

The Dependent Care FSA lets you use pre-tax dollars toward qualified dependent care. The annual maximum amount you may contribute is \$5,000 (or \$2,500 if married and filing separately) per calendar year. If you elect to contribute to the dependent care FSA, you may be reimbursed for:

- The cost of child or adult dependent care
- The cost for an individual to provide care either in or out of your house
- Nursery schools and preschools (excluding kindergarten)

## **Eligible Expenses for Dependent Care**

In order for dependent care services to be eligible, they must be for the care of a tax-dependent child under age 13 who lives with you, or a tax-dependent parent, spouse or child who lives with you and is incapable of caring for himself or herself. The care must be needed so that you and your spouse (if applicable) can go to work.