

Frequently Asked Questions about your FSA with Rollover



What is a Flexible Spending Account (FSA)?

An FSA is an employer-sponsored plan that allows to deduct dollars from your paycheck and deposit them into a special account that's protected from taxes. FSA accounts are exempt from federal taxes, Social Security (FICA) taxes and, in most cases, state income taxes. The money in an FSA can be used for eligible health and/or dependent care expenses that are incurred while you are participating in the plan.

1. When does my FSA become effective and when will I receive my Benefit Card?

Your FSA becomes effective on the first day of our plan year, **June 1st**, or on the date you become eligible for benefits. Your benefit card will arrive by the end of May, but will not be loaded with funds until June 1st when your plan year begins.

2. How do I participate in an FSA?

To participate, you must enroll during annual Open Enrollment or during your initial benefit eligibility period. If you have a qualifying life event (for example, birth or adoption of a child), you may be able to enroll without waiting for Open Enrollment, as long as you enroll within 30 days of the event.

3. How much money can I put into my FSA?

You must contribute at least \$400 to the FSA, and the current IRS maximum is \$2750 per employee.

4. Who qualifies as an eligible dependent?

An eligible dependent is any dependent for which an employee pays a provider to care for him/her while they are at work or looking for work. The dependent must be under the age of 13 or incapable of taking care of themselves, and live in the employee's home for more than half of the year.

5. What happens if I have money remaining in my account at the end of the year?

You are able to roll over up to \$500 of remaining funds into the next plan year.

6. Can I change my election or stop contributing money to my FSA at any time during the plan year?

Federal regulations state that once you have enrolled in an FSA, you cannot change your election amount unless you have a qualifying life event. Your employer can give you a list of permitted change events.

7. How much will I really save in taxes by contributing to an FSA?

Generally, contributions you make to your FSA are not subject to federal or social security taxes. In most instances, there are no state taxes taken out either. The amount you may save depends upon:

- The amount you put into your FSA
- The tax percentage you would normally pay on that money (tax bracket)

Let's say you want \$2,000 taken out of your paycheck this year to put into your FSA. The money you direct to your FSA is taken out of your check before taxes are taken out. That reduces your taxable income by \$2,000.

Let's say you normally pay 30 percent in federal, social security and state taxes on your income. In this example, you would enjoy a tax savings of 30 percent of the \$2,000. In other words, you could get a \$600 tax savings on the \$2,000 you directed to your FSA.

8. What type of flexible spending plans are there?

Health Care FSA: Covers medical, prescription, dental and vision expenses

Dependent Care FSA: Covers dependent care expenses including daycare, nursery school and day camp for children, and services for adult dependents who cannot care for themselves