Flexible Spending Accounts (FSAs)

Flexible Spending Accounts (FSAs) are tax-favored accounts that allow participants to set aside money pretax for eligible Medical and Dependent Care costs. FSAs allow an employee the opportunity to put some of his/her salary aside before taxes to pay for many common out-of-pocket expenses.

Use-it-or-lose-it-Rule: Money remaining in your FSA account(s) will not be returned to you at the end of the plan year. Any amount remaining after the end of 2.5 month grace period will be forfeited. Because of the use-it-or-lose-it rule, it is important for you to carefully estimate your out-of-pocket health and dependent care expenses for the upcoming plan year.

Your employer has chosen the 2.5 month grace period for your plan. This option gives you the opportunity to continue to incur eligible expenses if you have unused funds in your account on the plan year end date for an additional 2.5 months. If the money is not used during the 2.5 months it will be forfeited.

Medical FSA

Your Medical FSA may be used to reimburse you for expenses that you incur for treatment of yourself, spouse and dependent children during your plan year. Eligible medical expenses include deductibles and coinsurance amounts under a group health plan, charges that are in excess of the amount reimbursed under a group health plan, and charges that are not covered under a group health plan such as certain corrective surgeries, vision care, dental care and hearing aids.

Effective January 1, 2011, all over -the counter medications eligible for reimbursement must be accompanied by a doctor's prescription.

Maximum contribution amount for 2019/2020 plan year is $2,700 ($225.00 per month).
Reminder – If you or your spouse participate in a Qualified High Deductible Health Plan and contribute to a Health Savings Account, you are not eligible to enroll in Medical Reimbursement.

Dependent Care Reimbursement

A Dependent Care FSA allows you to pay for daycare expenses for your qualified dependent/child with pre-tax dollars while you (and your spouse) are working, seeking employment, or attending school as a full- time student for at least 4 months during the year.

Eligible dependents must be claimed as an exemption on your tax return. These dependents can include step-children, grandchildren, adopted children or foster children. Under IRS regulations, eligible dependents are further defined as: under age 13 and/or physically or mentally unable to care for themselves, such as a disabled spouse, disabled child, or elderly parents that live with you.

The IRS allows employees to contribute up to $5,000 annually to a Dependent Care FSA.