



benefit strategies



Flexible Spending Accounts (FSA)

- **Health Care Reimbursement Account (Health FSA)**

For your out-of-pocket medical, dental, vision and hearing expenses.

You and your dependents do not have to be covered under your employer's medical plan for you to be eligible to participate in a Health FSA plan for your family's out-of-pocket health care expenses.

- **Dependent Care Assistance Account (Dependent Care FSA)**

For your expenses related to dependent day care such as after school child care.

Why enroll in an FSA?

- Give yourself a raise! Increase your spendable income by reducing the amount you pay in taxes.

Our participants save approximately \$27 in taxes for every \$100 they set aside in an FSA.

- Easily budget for the cost of health care expenses.

"The first year I heard about the FSA, I wasn't sure about it. I decided to sign up for just enough to cover a pair of glasses I knew I needed. Using the plan was so easy, plus I saved money. The next year I tripled my election amount, and I still spent all of it well before the plan year ended!"

– JENNIFER, BOSTON, MA



The FSA Advantage

If you are spending money on health care expenses such as:

- Copays • Coinsurance • Deductibles • Dental Work • Eye Glasses and Contact Lenses • Orthodontia • Other medical, dental, vision and hearing products and services

Or dependent care expenses such as:

- Child care away from home • Child care in your home • Before and After School Programs • Summer day camps • Adult day care

Then you can benefit from an FSA!

Here's how it works:

- 1. Decide if you want to enroll in the Health FSA, the Dependent Care FSA, or both.**
- 2. Determine how much you spend annually on health care and dependent care expenses.**
 - Use our *Election Worksheet and Eligible Expenses* handout or our Tax Savings Calculator on benstrat.com to help determine your expenses.
 - Refer to your FSA Enrollment Form for the maximum permitted election amounts.
 - **Important:** Because you are receiving pre-tax treatment on the FSA funds, IRS regulations require that funds be spent within the time frame your plan specifies or you lose access to them. Make a conservative election; only consider expenses you and your family expect to incur.
- 3. Your employer divides your annual election by the number of pay periods in the plan year.**
 - This amount is payroll deducted each pay period on a pre-tax basis throughout the year.
 - Having your FSA deductions come out of your pay pre-tax is like giving yourself a raise!
You avoid paying: • Federal income tax • FICA taxes • State income tax (in most states)
- 4. Access your FSA funds throughout the plan year to pay for eligible expenses.**
 - Use the FSA debit card
 - Submit for reimbursement through one of our quick and convenient reimbursement methods

"I'm already spending money on these things; it would be crazy not to take advantage of the savings through an FSA."

— JOHN, MANCHESTER, NH



"I'm always looking for ways to save on taxes, and participating in an FSA has saved me a lot over the years."

— BILL, SPRINGFIELD, MA

Example of Tax Savings Through An FSA	Before Enrolling In An FSA	After Enrolling In An FSA
Annual Earnings	\$36,000	\$36,000
Annual FSA Election Amount	\$0	-\$1,500
Taxable Income	\$36,000	\$34,500
Approximate taxes paid [27.65%]	-\$9,954	-\$9,539
Annual tax savings/increase in spendable income by enrolling in an FSA:		\$415

Understanding the Health FSA

Health FSA funds can be used for health care expenses incurred by:

- You, your spouse, and your dependents up to age 26

One of the biggest advantages of the Health FSA is that you have access to your full annual election amount on the very first day of the plan year!

Eligible expenses include associated costs with medical, dental, orthodontia, vision and hearing products and services, such as:

- Visits, procedures and services • Equipment/supplies • Laboratory tests • Imaging (i.e., MRI, CT scan) • Prescription medications • Over-the-counter supplies • Prescribed over-the-counter medicine and drugs

You can use the Health FSA for your own and your family members' expenses, even if you and your dependents are not enrolled in your employer's medical plan.

Refer to the *Eligible Expenses* handout for a list of common eligible items, or view an expanded list on benstrat.com.



"I think of my Health FSA as an interest free loan; I get the full amount of money up front, and then a small amount comes out of each of my paychecks all year. I don't know how I could have paid for the dental work I needed without my Health FSA."

— BETH, PORTLAND, ME

Understanding the Dependent Care FSA

Dependent Care FSA funds can be used for dependent care expenses you incur so that you (and your spouse if married) can be gainfully employed or attend school full-time.

To be eligible, the dependent must be your tax dependent who is:

- Under the age of 13
- Age 13 or older if physically or mentally incapable of self-care and residing in your home at least half the year

Eligible Providers and Settings:

- Day care centers and nursery schools
- Summer day camps
- Before/After school programs
- Babysitters including nannies, inside or outside the home
 - Relatives must be over 19 and not able to be claimed on your federal tax return. Non-relatives can be under the age of 19.
- Adult day care centers



"I set aside \$5,000 in my Dependent Care FSA; that's almost \$1,300 in tax savings for me! My FSA helps so much with the cost of day care."

— RACHEL, SOMERVILLE, MA

Ineligible expenses include kindergarten, private school tuition, educational classes, and overnight camps.

As funds accumulate in your Dependent Care account through payroll deductions, you can submit for reimbursement.

Dependent Care FSA compared to IRS Child Care Credit:

- In most cases, a combined family Adjusted Gross Income of \$40,000 and higher will see a greater tax savings through a Dependent Care FSA than the IRS Child Care Credit. A Dependent Care FSA and IRS Child Care Credit Comparison Chart can be found at benstrat.com. Consult with a tax advisor for details on your particular tax situation.



Using Your FSA Funds

Health FSA Funds: Your full election amount is available on the first day of the plan year.

Dependent Care FSA Funds: Your funds are available as they accumulate through payroll deductions.

“The FSA debit card makes it so easy! It’s pre-loaded with my Health FSA annual election amount and whenever I need to pay for a health care expense, I just swipe the card.”

– ANTONIO, PROVIDENCE, RI

The FSA Card

It may look like a typical debit or credit card, but the FSA card is a special benefits card pre-loaded with your full annual Health FSA election amount. You use the card to pay for IRS qualified expenses directly at the point of sale or when paying a bill. The card works in settings such as physician offices, dental and orthodontic offices, optometrists, pharmacies, chiropractors, urgent care centers, and hospitals*.

- Two identical cards are mailed to your home address and additional sets of cards can be ordered.
- The IRS requires you keep all original documentation** for purchases associated with the FSA debit card. Benefit Strategies may also request copies of your documentation to verify a debit card purchase.

**If you are enrolled in the Dependent Care FSA, the card can also be used in dependent care settings. Just remember that the card will only work for an amount that does not exceed the available balance in your Dependent Care FSA account on that day.*

Electronic and Paper Reimbursement Methods – 3 to 5 day typical turnaround time

Reimbursements are made payable to you, either by paper check or direct deposit. All reimbursement methods require you to submit documentation.**

- Submit on-line through your secure account at benstrat.com
- Download the Benefit Strategies mobile application to submit through your mobile device
- Complete a paper claim form to submit via fax, secure email, or mail

***To be valid, documentation must include: date the expense was incurred, patient name (if applicable), amount of the expense after any insurance adjustment, provider name, service/product description.*

FSA Account Resources

Your on-line account at benstrat.com

Through your secure on-line account at benstrat.com you can file for reimbursement, upload documentation, set up text message alerts, view claims history, account balances, filing deadlines and more.

Benefit Strategies Mobile Application

Download our mobile application for iPhone, Android and tablet devices to access account information on the go, including filing claims. Use your device’s camera to photograph your documentation and upload it through the application!

Customer Relations Team

- 1-888-401-FLEX (3539) or info@benstrat.com
- Monday - Thursday 8:00 AM - 6:00 PM ET; Friday 8:00 AM - 5:00 PM ET
- Automated system available through our toll free number at all times
- Please visit our website at benstrat.com



 **Trust Loyalty Commitment**
• Our customers trust we are committed to solving their problems.

 **Think Like the Customer**
• Treat others as you would like to be treated.

 **Tender Loving Care**
• Attending to customers with consideration and compassion – we strive for one-call resolution.



Dependent Care FSA- Eligible Expenses

Expense Description	Expense Eligibility	Required Documentation	Processing Notes
Agency Fees	Potentially	Standard	Agency fees may be employment-related expenses if the participant is required to pay these expenses to obtain care. However, these fees may not be reimbursed until the care is provided. Forfeited fees are not eligible for reimbursement.
Au Pair	Yes	Standard	Amounts paid for the actual care of the dependent are eligible. See Agency Fees.
Babysitter (in or out of the home)	Yes	Standard	
Before and after-school care	Yes	Standard	
Care for a child age 13 or older	No	N/A	
Care for a child under age 13	Yes	Standard	There is special rule for children of divorced parents. The child is a qualifying individual of the "custodial parent." A divorced, non- custodial parent cannot be reimbursed under a dependent care FSA.
Care for a spouse or other tax dependent who is physically or mentally incapable of self-care (e.g., elderly dependent)	Potentially	Standard	Individual must reside in the participant's home at least eight hours a day. See Nursing home care.
Care for person not residing with participant	No	N/A	
Childcare placement fees (e.g., finder's fee)	No	N/A	
Elder daycare for a spouse or other tax dependent who is physically or mentally incapable of self-care (e.g., elderly dependent)	Potentially	Standard	Individual must reside in the participant's home at least eight hours a day. See Nursing home care.
Field Trip and/or activity fees	No	N/A	Ineligible unless incident to and inseparable from the cost of care.
Lessons in lieu of care	No	N/A	
Materials fees	No	N/A	Ineligible unless incident to and inseparable from the cost of care.
Meals	No	N/A	Ineligible unless incident to and inseparable from the cost of care.
Nanny	Yes	Standard	Only actual care of dependents is eligible
Nursing home care for a spouse or other tax dependent who is physically or mentally incapable of self-care (e.g., elderly dependent)	No	N/A	

Expense Description	Expense Eligibility	Required Documentation	Processing Notes
Overnight camp	No	N/A	
Payments to a participant's spouse or to a parent of the participant's child who is not the participant's spouse	No	N/A	
Registration fees	Potentially	Standard	Agency fees may be employment-related expenses if the participant is required to pay these expenses to obtain care. However, these fees may not be reimbursed until the care is provided. Forfeited fees are not eligible for reimbursement.
Sick-child facility	Yes	Standard	
Summer day camp	Yes	Standard	Advance payment for the entire summer is not eligible
Transportation expenses to and/or from care	Yes	Standard	Only the cost of transportation to or from where care provided furnished by a dependent care provider may be an employment-related expense (e.g. transportation to and from a day camp or to an after-school program not on school premises).
Tuition for pre-k or nursery school	Yes	Standard	
Tuition for kindergarten or above	No	N/A	

All dependent care reimbursement requests must include a completed and signed provider certification (noted on the reimbursement form). If you do not have provider certification, complete the reimbursement form and submit an itemized statement from the dependent care provider that includes:

- Start and end dates of service
- Dependent's name and date of birth
- Itemization of charges
- Provider's name, address, and tax ID or Social Security number

Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

The maximum reimbursement you may receive is equal to the current account balance in your dependent care FSA. If your reimbursement request is more than your available balance, the remaining amount will be placed in a pending status. The pending amount will be paid when additional funds are posted to your account.