



Flexible Spending Account (FSA)

A Flexible Spending Account (FSA) is a benefit governed by the IRS and sponsored by your employer. An FSA allows you to pay certain Health Care and/or Dependent Care expenses with pre-tax money. Money is diverted out of each of your paychecks on a pre-tax basis and put into a Health Care Reimbursement Account and/or a Dependent Care Assistance Account. Since the money you choose to put into the FSA accounts are non taxable, you will save Federal Income Tax (10% - 35%), FICA (7.65%), and State Income Tax (0-6+%). The savings range from 17.65% to 48.65% depending on your federal tax bracket and the state you live in. Benefit Strategies uses 25.65% as a percentage most individuals can use to estimate savings. Once enrolled, you are allowed to draw money out of the accounts to reimburse yourself for out-of-pocket medical and/or dependent care expenses incurred during the plan year which are not reimbursed from insurance or other sources.

How do Flexible Spending Accounts Work?

Prior to the start of each plan year, you conservatively estimate how much money you expect to spend in Health Care and/ or Dependent Care expenses for the year. **It is very important that you estimate your annual election conservatively;** IRS regulations stipulate that once you enroll in your Health Care Account and/or Dependent Care Account the election is locked in for the balance of the year. You may be allowed to make an election change if you have a qualifying change in family status (birth, adoption, marriage, divorce, death) or employment status (changing from full to part-time). Expenses must be incurred during the plan year and cannot be eligible for reimbursement from any other source. At the end of each plan year there is a run out period for you to submit claims with receipts to Benefit Strategies for reimbursement. Any monies left unclaimed at the end of the run out period will be forfeited to your employer.

Once you have decided the amount you would like to contribute to the FSA, it will be deducted by your employer from your paycheck. The payroll deduction is calculated by dividing your annual election by the number of paychecks you receive in a year. You must make separate elections for Health Care Reimbursement Accounts and Dependent Care Assistance Accounts if applicable.



If you earn \$36,000 a year.



That means you pay about \$9,234 a year in Federal, State and FICA taxes. (assuming a 25.65% rate)



If you decide to contribute 3% or \$1,080 a year to your FSA account.



Your taxes drop by 3% to \$8,957 - a savings of \$277 a year!



You essentially give yourself a raise by increasing your take-home pay.

	Without Flex	With Flex
Annual Earnings	\$36,000	\$36,000
Pre-tax Flexible Spending Contributions	\$0	-\$1,080
Taxable Income	\$36,000	\$34,920
Average Federal, State, FICA Taxes = 25.65%	-\$9,234	-\$8,957
After Tax Health Care Expenses	-\$1,080	\$0
Spendable Income	\$25,686	\$25,963
TOTAL SAVINGS	\$0	\$277

3 Methods of Reimbursement



FlexExpress® Card

The FlexExpress® Card may look like a typical credit card but it is a special benefits card. This card provides you with easy access to your Flexible Spending Account(s) to pay your IRS qualified expenses directly at the point-of-sale. The card will only be accepted at specific healthcare providers such as physician offices, dental offices, pharmacies, hospitals, chiropractors or optometrists. The card will also work at many dependent care locations.

NOTE: Your card will be reactivated with your new election each year upon your request, so please keep your card!

What is eligible for reimbursement with the FlexExpress® card?

You are ultimately responsible for the use of your FlexExpress® Card. The card is to reimburse only IRS eligible expenses incurred during the plan year. Be careful not to misuse the card for ineligible expenses or for expenses incurred outside of the plan year. If the card is used for any ineligible expenses, you will be required to return the funds to the plan. Misuse may result in the card's permanent revocation.

What needs to be kept for tax records?

The IRS requires you to keep all documentation for the purchases associated with the debit card. You may be required to verify eligibility of claims by submitting documentation to Benefit Strategies. Documentation must show: the date the expense was incurred, the amount of the expense after insurance adjustments, the service provider, and a description of the service/expense.

What do you do if your card is lost or stolen, or to receive additional cards for a spouse or dependent?

Contact customer service at 1-888-401-FLEX (3539)



Online Reimbursement

The second reimbursement method is to pay for your qualified expenses out-of-pocket and submit a claim by logging into your personal account at www.benstrat.com, then click on Employee, and choose Flexible Spending Account. Once your claims are entered, print the confirmation page and submit this to Benefit Strategies with the appropriate documentation. Claims can be faxed to 603-647-4668 or emailed to flexdept@benstrat.com. We will generate payment once the confirmation page and documentation have been received. Not only is our website used to file claims, it also contains important information such as account balances, claim history, banking information as well as a communications history. For help logging into your account, please contact our customer service toll free at 1-888-401-FLEX (3539).



Paper Reimbursement

The third reimbursement method is to pay for your qualified expenses out-of-pocket and submit a completed paper Reimbursement Request Form along with a copy of the detailed documentation of your expenses to Benefit Strategies via fax 603-647-4668, email flexdept@benstrat.com or mail. Claim forms can be found online at www.benstrat.com.

Benefit Strategies pays claims twice a week. Claims that are properly completed, have the appropriate documentation will be processed within 3 - 5 business days. Reimbursement requests should be for a minimum of \$25, unless using your remaining account balance.