

FSAs

Flexible
Spending
Accounts

Flexible Spending Accounts



FSA's

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What is an FSA?

- An employee benefit that saves you money on healthcare and day care expenses
- An account where you contribute money from your paycheck **BEFORE** taxes; then incur eligible expenses and get reimbursed
- A way to **PAY LESS TAXES** and **SAVE MONEY!**
- Completely voluntary
- Must re-enroll each plan year



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Two Types of Accounts

- **Healthcare FSA**
 - Is used to pay for out-of-pocket medical expenses not paid by insurance
- **Dependent Care FSA**
 - Is used to pay for child or elder care expenses including day care, before/after-school care and summer day camp



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Saving Money with an FSA

| ANNUAL SAVINGS* | With FSA | Without FSA |
|--|--------------|-------------|
| Annual pay | \$50,000 | \$50,000 |
| FSA pre-tax contribution | (\$2,000) | \$0 |
| Taxable income | \$48,000 | \$50,000 |
| Federal income and Social Security taxes | (\$9,130) | (\$9,583) |
| After-tax dollars spent on eligible expenses | \$0 | (\$2,000) |
| Real spendable income | \$38,870 | \$38,417 |
| Savings with an FSA | \$453 | |

Sample savings for a married taxpayer with two federal exemptions. Actual savings will vary based on participant's individual tax situation.



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How FSAs work

- Elect one or both accounts and decide how much money to set aside in each account
- This amount is deducted from pay before taxes in equal amounts throughout the year
- The full amount of the election is available at the start of the plan year
- Pay for eligible expenses out-of-pocket
- Submit a claim for reimbursement with paid receipts
- SHPS processes the claim and sends reimbursement check (Direct deposit or check)

Election and election amount is frozen for Plan year, except for a Qualifying Event.



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Healthcare FSA

- **Eligibility**
 - Employee, spouse and anyone that can be claimed as a dependent on Federal Income Tax return can incur an expense for which participant will be reimbursed
- **Minimum & Maximum Annual Contributions Amounts**
 - \$300 – \$5,000



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Healthcare FSA Eligible Expenses

- Copays, coinsurance and deductibles
- Dental care
- Vision care (eye exams, glasses, contacts)
- Over-the-counter (OTC) medical supplies
- Chiropractic care
- Prescription drugs
- Laser eye surgery
- Orthodontia, including braces
- Physical therapy

NOTE: OTC drugs (except insulin) are NOT eligible unless the medication is prescribed.



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Healthcare FSA Spending Account Card

- Easy access to account funds
- Works like a credit card, only the funds are deducted from your FSA
- Updates your account balance and transaction history
- Eliminates the hassle of filing claim reimbursement forms
- **Keep receipts – IRS mandate**



Dependent Care FSA

- **Use to pay for eligible expenses for care of:**
 - Dependent children under age 13
 - Person of any age you claim as a dependent on their Federal Income Tax Return and who is mentally or physically incapable of caring for him/herself
- **Eligibility**
 - You and spouse (if married) must be working, looking for work or attend school full-time

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Dependent Care FSA

- **Minimum & Maximum Annual Contributions**
 - \$300 – \$5,000

You can contribute up to \$5,000 a year to Dependent Care Reimbursement Account (or \$2,500 a year if you are married but file a separate return from your spouse).



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Dependent Care FSA Eligible Expenses

- Day care
- Pre-school and after-school care (must be kept separate from tuition expenses) for school age children
- Summer day camp (no sports camps), nursery school or private sitter
- Care of an incapacitated adult who lives with you at least 8 hours a day



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Submitting a Reimbursement Request

- **Reimbursement Request Form**
 - Available online at www.myshps.com
 - Complete form and attach supporting documentation (receipts or EOBs)
 - Fax toll-free to 866-643-2219
 - Or mail to:
 - SHPS FSA Administration
 - P.O. Box 34700
 - Louisville, KY 40232



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Reimbursement

- Receive reimbursement by check or sign up for Direct Deposit
 - SHPS pays claims daily for prompt service
 - Average turnaround for reimbursement is 1-2 days for dependent care, 3-5 days for health care.
- Spending Account Card also an option for healthcare



Using your Funds

- **IRS Rule**
 - Money left in account must be forfeited if not used by the end of the plan year
 - Plan carefully when making elections
- **2½ Month Grace Period (if applicable)**
 - Can be reimbursed for claims incurred up to 2½ months after the close of a plan year. Check with your employer to see if available.

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Participant Support

www.myshps.com

- Contribution and tax savings estimator
- View and manage your account in a secure environment 24 hours a day, 7 days a week
- Check account balance & claims history

1-800-678-6684 (Client specific # if applicable)

- Available 24/7 for account balance and claim payment information
- Toll-free customer service 8 am to 8 pm eastern time provided by knowledgeable Customer Service Representatives

