



From enrollment to account administration, our dedicated account team makes administering flexible spending plans (FSAs) easy.

Flexible Spending Account Administration

How an FSA Works

FSAs allow employees to set aside pre-tax contributions into a special account. This lowers the employer's total taxable payroll and payroll-related taxes. It also helps employees reduce their taxable income. Employees decide how much per pay period they want to contribute. That amount is then deducted from their gross (pre-tax) wages and deposited into their FSA account.

What Expenses Can it Be Used For?

Medical Care

A medical spending account allows employees to pay for eligible expenses that often are not covered by their health care plan. Some examples are:

- Copayments and deductibles
- Prescription drugs
- Eye exams
- Glasses
- Eye surgery
- Contact lenses and solutions
- Dental visits
- Orthodontic care
- Chiropractic services

IRS Publication 502 offers general expense guidelines for a Healthcare FSA, which is governed by the rules of Section 125 of the Internal Revenue Code.

Dependent Care (Adult and Child)

A dependent care spending account may be used for costs of care by eligible caregivers for dependents under the age of 13. It may also be used for costs of care for a disabled spouse or other dependent who is claimed for tax purposes. Examples are: day care, day camp, before- and after-school care.

IRS Publication 503 offers general expense guidelines for a Dependent Care FSA, which is governed by the rules of Sections 125 and 129 of the Internal Revenue Code.

Employees must carefully decide how much to budget for medical or dependent expenses. They may not change their contribution amount or drop out during the plan year unless there is a change in family status.

Unused money in an FSA account at the end of the year cannot be reimbursed to the employee. However, employers are allowed to elect one of the following options:

1. A grace period at the end of the plan year up to 2.5 months
2. A set dollar amount up to \$500 to roll over to the next year
3. To retain any funds not expended during the plan year.

If the employer offers a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), only a Limited Purpose FSA can be offered to those employees that have an HSA. The Limited Purpose FSA complements the HSA and pays only for eligible vision and dental expenses. Medical expenses are not permitted because the tax-advantaged HSA funds those costs.

Our FSA Administration Features:

- Competitive fee structure
- Integration with claim system, so fewer forms to file
- Enrollment, claims and administrative services
- Easy-to-use debit card
- Compliance services
- Employee meetings to explain FSAs
- Web-based self-service tool for forms, FAQs and more
- Dedicated, reliable customer service support

For more information or to set up an FSA program, call 800.235.7111 and ask to speak to your Regional Sales Manager.

