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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

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The FSA Advantage

> *"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

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 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.

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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

TLC³

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.

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FSA Election Worksheets and Eligible Expenses List

Health FSA Eligible Expenses

Visit benstrat.com for an expanded list of eligible expenses. If you have questions on what constitutes an FSA eligible expense, please contact our Customer Relations Team: 1-888-401-FLEX (3539) or info@benstrat.com.

Ace bandages
Acne treatments*
Acupuncture
Allergy and sinus medicine*
Antacids and digestive aids*
Antibiotic ointments*
Antifungal and anti-itch*
Aspirin and other pain relievers*
Asthma medicine*
Athletic treatments*
Band-aids
Blood pressure monitors
Canker and cold sore remedies*
Chest rubs*
Chiropractic care
Cholesterol meter test kit and supplies
Cold and flu medicines*
Contact lenses
Contact lens cleaning solution
Coinsurance
Copays
Corn and callus removers*
Cough medicine*
CPAP machine
Crutches, canes and walkers
Deductibles
Dental care (routine and corrective)
Dentures
Diabetic monitors and supplies
Diaper rash ointments*
Eye exams
Eye glasses
Eye related equipment
Fertility monitors
First aid kits
Gastrointestinal medication*
Genetic testing**
Glucosamine*
Group therapy
Hearing aids and batteries
Hearing care
Herbal medicine**
Hospitalization costs
Hypnosis – treatment of illness
Immunizations
Imaging scans
Incontinence supplies
Individual therapy
Laboratory fees
Lasik eye surgery
Laxatives*
Lice treatments*
Massage therapy**
Medical equipment
Medical monitoring and testing
Mileage to receive medical care
Motion and nausea medicine*
Nutritional supplements**
Orthodontia
Orthopedic and surgical supports
Orthotics
Physical exams
Physical therapy
Physician services
Pregnancy tests
Prescription drugs
Psychoanalysis and mental health therapy
Reading glasses
Sleep aids*
Smoking deterrents*
Sunscreen *(SPF 30 and higher)*
Thermometers
Toothache gels*
Urological products
Vision care
Vitamins**
Wart removal treatment*
Weight loss drugs and programs**
Wheelchairs and repairs

Examples of *ineligible expenses* include: Cosmetic surgery and procedures (including teeth whitening); Custodial nursing care; Dental hygiene products; Health club dues; Insurance premiums.

** Although Over-The-Counter (OTC) medicines and drugs do not need a prescription to be purchased, one is needed for an OTC medicine/drug to be FSA eligible. See note below.*

***Dual Use items and services are those that can be used for general health as well as to treat an illness or physical defect. If the item/service is prescribed to treat an illness or physical defect, a Physician Statement form needs to be submitted to Benefit Strategies for it to be FSA eligible. This form can be found on benstrat.com, or by contacting our Consumer Relations team. See note below.*

NOTE: *OTC Medicines/drugs and Dual Use items/services will not work with the FSA card. You will need to pay with another means and submit for reimbursement through one of our reimbursement methods. Remember to submit the prescription or Physician Statement, along with the purchase documentation.*

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Election Worksheet

The Health FSA and Dependent Care FSA Election Worksheets can help you determine how much to set aside in your FSA. You can also use the Tax Savings Calculator at benstrat.com.

Important: Make a conservative election, only considering expenses that are expected to be incurred by you and your FSA eligible dependents while you are enrolled during the FSA plan year.

Health FSA Election Worksheet

Health Care Expenses Per Plan Year	For You	For Your Spouse	For Your Children
Dental Deductibles	$	$	$
Dental Work	$	$	$
Orthodontia	$	$	$
Eye Exams, LASIK Surgery	$	$	$
Prescription Eyeglasses, Reading Glasses, Contact Lenses	$	$	$
Vision Solutions and Supplies	$	$	$
Medical Deductible	$	$	$
Medical Copays	$	$	$
Prescription Drugs	$	$	$
Medical Supplies	$	$	$
Chiropractic Care and Acupuncture	$	$	$
Total each family member column	(A)$	(B)$	(C)$
Total cost of health care expenses for the plan year *(A)+(B)+(C)*	(D)$		
Enter the maximum permitted Health FSA election *This can be found on your FSA Enrollment Form*	(E)$		
Election amount. ***Enter (D) or (E), whichever is less*** Also enter this amount on your FSA Enrollment Form	(F)$		
Number of pay periods in a plan year	(G)		
Payroll deduction amount per pay period *(F) ÷ (G)*	$		

Dependent Care FSA Election Worksheet

Eligible weekly dependent care cost	(A) $
Weeks of dependent care you will have in the plan year	(B)
Total cost of dependent care for the plan year *(A) x (B)*	(C) $
Enter the maximum permitted Dependent Care FSA election *This can be found on your FSA Enrollment Form*	(D)$
Election amount. ***Enter (C) or (D), whichever is less*** Also enter this amount on your FSA Enrollment Form	(E) $
Number of pay periods in a plan year	(F)
Payroll deduction amount per pay period (E) ÷ (F)	(G)