

Flexible Spending Accounts 101

What is a Flexible Spending Account?

A Flexible Spending Account allows you to set aside money from your paycheck on a pre-tax basis (that reduces your taxable income) to pay for eligible health care expenses (health, dental, vision, prescriptions) incurred by you and/or your family members. It is a cost-effective way to pay for such items as medical and dental deductibles, co-payments and health related expenses that are not covered by your health plans. The main reason to participate is to SAVE TAXES!

Are you switching from TRS-ActiveCare Plan 2 to Plan 1HD? Need cash up-front to pay for medical, dental and vision expenses, regardless of plan?

This might be for you! Pay for the additional out-of-pocket expenses you will incur on Plan 1HD with PRE-TAX DOLLARS while saving the difference in the premium between Plan 2 and Plan 1HD. In fact, pay for all medical, dental, vision expenses with PRE-TAX DOLLARS, regardless of plan. Better still, you can use up to the full amount you specify at any point during the year.

Can I have a Flexible Spending Account and a Health Saving Account?

NO, you cannot have an FSA if you OR YOUR SPOUSE has a Health Savings Account. This applies to your spouse as well -- he/she cannot have a Flexible Spending Account at their place of employment if you have a Health Saving Account with LISD.

How do I sign up for the Flexible Spending Account?

YOU MUST SIGN UP FOR THE FLEXIBLE SPENDING ACCOUNT EVERY YEAR as part of Open Enrollment. It DOES NOT rollover from year to year. You can sign up for this during the August open enrollment as well. The maximum that can be contributed per employee is \$2,500 per plan year. Your spouse can also have a Flexible Spending Account if available with his/her employer.

How do I pay for eligible expenses?

- You will receive a debit card to pay for all or a portion of your unreimbursed medical expenses. The provider is paid and you do not have to be out the cash while waiting on the reimbursement. You can use up to the full amount you specify at any point during the year. Additional cards can be requested for eligible dependents using the form at www.lisd.net/benefits. Click on Benefit Plans then FSA/DCA.
- If the debit card is not used, a paper claim may be submitted. Complete a Request for Reimbursement claim form found at www.lisd.net/benefits. Click on Benefit Plans then FSA/DCA. Mail or fax the claim form to the address on the form along with proof of the expense (an Explanation of Benefits or itemized receipt from the provider of services). A check will be mailed to you within 8-10 days.

What if I have money left in the account on August 31?

Use it or lose it Provision: Under this rule, you must use the money in your account for eligible expenses incurred during the plan year in which the deductions are made. You have until November 14 to request your reimbursement. If you have a balance in your account after the deadline for requesting reimbursement, the IRS requires it to be forfeited.

How can I figure out how much to put into the account?

Use the worksheet at

www.lisd.net/benefits/PDF/SummaryDocumentFlexibleSpendingAccount.pdf to estimate your expenses.