



## **Flexible Spending Accounts**

### **What are Flexible Spending Accounts?**

Flexible Spending Accounts (FSAs) allow you to set aside a portion of your earnings through payroll deductions to help pay for eligible health and dependent care expenses.

Participating in an FSA lowers your taxable earnings, which makes your taxes lower.

When you have incurred an eligible expense, you simply submit that bill, along with a claim form, to the administrator. That money is then taken out of your flexible spending account to reimburse you for those expenses.

Expenses must be incurred during the time in which you were making those payroll deductions and must be submitted by March 31 of the following year. (If you terminate mid-year, you must submit your final claim within 90 days of your termination date.)

### **Health Care Flexible Spending Account**

The health care flexible spending account is designed to help you pay for health care expenses that are not 100% covered, or are ineligible for payment through your employer-provided health plan. Some examples of eligible expenses are: the medical plan co-payments, deductible, coinsurance, dental, vision, and hearing services.

You need to estimate how much you and each of your dependents might incur over the next 12 months in eligible health care flexible spending expenses. This amount will be divided and deducted over a 12-month period. With proper documentation, the plan administrator will reimburse you for your eligible health care expenses up to the amount you elected. The maximum amount you can set aside into a health care flexible spending account is **\$2,748**.

**Federal law has changed and now allows you to roll over up to \$550 of your unused medical funds into the next year.**

### **Dependent Care Spending Account**

The dependent care spending account is designed to help you pay for child care or elder care services which make it possible for you and your spouse (if applicable) to



work. It also may be used to help pay for the care of a disabled spouse or dependent.

To be eligible to use this account, you must be at work during the time your eligible dependent receives care. You must also meet one of the following eligibility guidelines:

- You are a single parent
- You have a working spouse
- Your spouse is a full-time student at least five months during the year while you are working
- Your spouse is physically or mentally unable to provide his/her own care, or
- You are divorced or legally separated and have custody of your child most of the time, even though your former spouse may claim the child for income tax purposes

Qualifying dependents include individuals that spend at least eight hours a day in your home and are:

- Your dependent **children through the age of 12** for whom you have custody
- Your spouse who is physically or mentally unable to care for himself/herself, or
- Your dependent who is physically or mentally unable to care for himself/herself, even if you cannot claim an exemption for the person for income tax purposes

**The dependent flexible spending account is still a “use it or lose it” plan.** The unused balance in your account at the end of the year must be forfeited according to federal law. Therefore, it is very important that you calculate an annual amount to set aside that you are confident you will be able to provide the plan administrator with the documentation to reimburse you.

The maximum amount you can contribute towards the dependent care flexible spending account is **\$4,992** if you are single or married and filing jointly. The maximum is \$2,500 a year if you are married and filing separately. If both you and your spouse can contribute to this plan or to similar plans where he or she works, the maximum family contribution is \$4,992. Also, if your spouse is a full-time student or is disabled, your spouse is treated as having income of \$200 a month. If you are in this situation, you may not spend more than \$200 a month per dependent in pre-tax dollars, not to exceed \$400 if you have more than one dependent in day care.

Please contact the Virginia United Methodist Pensions Office if you have any questions about health care or dependent care flexible spending accounts. 1-800-768-6040 ext 131.