

FLEXIBLE SPENDING ACCOUNT (FSA)

WHAT IS AN FSA?

Healthcare FSA:

- ❖ The full amount you elect is available the first day your benefits are effective.
- ❖ You can set aside up to \$3,050, pre-tax, to pay for eligible health care expenses, including dental and vision.
- ❖ You can use your FSA for all eligible health care costs for you and your dependents, even if your dependents are not covered under the Fort Bend ISD medical plans.
- ❖ If you have unused contributions in your Health FSA at the end of the current plan year you can continue to incur expenses through March 15, 2024 immediately following the end of the plan year, and receive reimbursement for these expenses until such unused funds are depleted. All requests for reimbursement will be accepted and processed through March 31, 2024. After March 31, 2024 funds remaining in your account for 2023 plan year will be forfeited.
- ❖ The full amount of your election is available to you on January 1, 2023, even though your contributions are spread over the calendar year.



Dependent Care FSA:

- ❖ Only the amount which has been taken from your paycheck is available for use.
- ❖ You and your spouse can set up a combined annual contribution up to \$5,000, pre-tax, to pay for day care expenses for qualified dependents while you work or look for work.
- ❖ Unlike the health care FSA, you can only be reimbursed funds that have already been withheld from your paycheck.
- ❖ Eligible expenses include day care, nursery school, after-school care and summer day camp.
- ❖ IRS “use it or lose it” rule applies, and you cannot be reimbursed for any expense that is also covered by a tax credit on your federal tax return.

FSA SAVINGS EXAMPLE

Bob and Jane’s combined gross income is \$30,000. They have two children and file their income taxes jointly. Since Bob and Jane expect to spend \$2,000 in adult orthodontia and \$3,300 for day care next plan year, they decide to elect a total of \$5,300 into their FSAs.

	Without FSA	With FSA
Gross Income	\$30,000	\$30,000
FSA Contributions	\$0	-\$5,300
Gross Income	\$30,000	\$24,700
Federal Taxes*	\$4,500	\$3,705*
FICA Taxes*	\$435	\$358
After-Tax Earnings	\$25,065	\$20,637
Medical and Dependent Care Expenses	-\$5,300	\$0
Remaining Spendable Income	\$19,765	\$20,637
Spendable Income Increase		-\$872

*Assumes 15% Federal Income Tax and 1.45% FICA. The above example is for illustrative purposes only. Every situation varies and we recommend that you consult a tax advisor for all tax advice.

FLEXIBLE SPENDING ACCOUNT (FSA)

HEALTHCARE FSA

Submit receipts at www.myuhc.com.

Fort Bend ISD's Flexible Spending Account is administered by UHC. Your FSA contributions, deducted on a pre-tax basis, may be used to pay for qualified Healthcare expenses.

For the 2023 plan year, you may elect up to \$3,050 for your Health FSA. There is a \$120 minimum contribution for Employees.

For more information, please visit the IRS website at <https://www.irs.gov/pub/irs-pdf/p503.pdf>.

A Health FSA allows you to set aside tax-free dollars into an account that will reimburse you for out-of-pocket qualified medical expenses "incurred" during the plan year (1/1/2023 – 12/31/2023). The term "incurred" means that the service must be performed during the plan year. Eligible expenses may be incurred by you, your spouse, or your eligible dependent child(ren). Reimbursements received from your Health FSA are tax-free. In addition, you can use your debit card to pay for qualified expenses directly from your reimbursement account.

Examples of eligible expenses include deductibles, copays, LASIK eye surgery, prescription drugs, and orthodontia. Over-the-counter medications, with the exception of insulin, will require a prescription to be considered a qualified medical expense for reimbursement from your FSA. See IRS Code Section 213(d) or 502 for a list of eligible expenses. The expenses must be for "medical care" and be for the diagnosis, care, mitigation, treatment or prevention of a disease, or for the purpose of affecting any structure or function of the body.

Use-it-or-lose-it and Filing Deadline

If you have unused contributions in your Health FSA at the end of the current plan year you can continue to incur expenses through March 15, 2024 immediately following the end of the plan year, and receive reimbursement for these expenses until such unused funds are depleted. All requests for reimbursement will be accepted and processed through March 31, 2024. After March 31, 2024 funds remaining in your account for the 2023 plan year will be forfeited.

Health FSA

Claims must be received by UHC's FSA department within 90 days of the end of the plan year. If your employment terminates during the year your claims must be incurred prior to the end of the month in which your termination occurs, your request for reimbursement must be received by UHC's FSA department within 90 days of the end of the plan year.

Debit Card

Your FSA debit card allows you to quickly and conveniently access funds in your FSA for Healthcare expenses. You may use it to pay for eligible expenses at the time of service and at locations that accept it.

IMPORTANT NOTE

If you are enrolled in the Choice HRA plan, you must exhaust the funds in your Health Reimbursement Account (HRA) before you can use your FSA funds for medical expenses. You will not be able to use your FSA debit card for medical expenses if you are enrolled in the Choice HRA plan. You must pay out-of-pocket for medical expenses and seek reimbursement from the FSA by submitting a claim form and your receipts. However, you will be able use the FSA debit card for filling prescriptions.

You are NOT eligible for the Health FSA if you or your spouse currently contribute to an HSA.

KEEP COPIES of ALL of your receipts and explanation of benefits worksheets for eligible transactions. UHC will most likely ask you for this documentation. The only reason UHC will not ask for documentation is if the amount swiped on your debit card is equal to a copay or deductible in Fort Bend ISD's medical plans. You are required to provide receipts during an IRS audit.



FLEXIBLE SPENDING ACCOUNT (FSA)

DEPENDENT CARE FSA

Fort Bend ISD's Flexible Spending Account is administered by UHC. Your FSA contributions, deducted on a pre-tax basis, may be used to pay for qualified dependent care expenses.

For the 2023 plan year, you may elect up to \$5,000 for your Dependent FSA.

The Dependent Care FSA allows you to save taxes on up to \$5,000 in "qualified" day care expenses every year. Dependent Care FSAs reimburse only up to the account balance on the date your claim is received. Claims exceeding the balance are reimbursed when there is enough in the account to cover them.

Under Code Section 21(b)(1) "qualifying individual" means a dependent of the taxpayer as defined in Code Section 152(a)(1) (i.e., a qualifying child) who has not attained age 13; a dependent of the taxpayer who is physically or mentally incapable of caring for himself or herself and has the same principal abode as the taxpayer for more than half of the year.

Qualified day care expenses include:

- ✦ Care provided while both parents are working or looking for work
- ✦ Care that has been provided during the plan year (1/1/2023 – 12/31/2023)
- ✦ Actual day care expenses (separate fees for services such as transportation, meals, classes, lessons, trips or supplies are not reimbursable unless the charges are included as part of your base fee – not itemized)
- ✦ Day camps, including those that focus on specific activities, such as sports and arts (overnight camps are excluded even if the camp apportions the day camp and overnight charges)
- ✦ Day care providers tax ID or individual's social security number must be provided

Sample of ineligible expenses include:

- ✦ Child care provided by your tax dependent or your child under age 19
- ✦ Overnight camps and tuition for kindergarten
- ✦ Childcare when one parent is not working or looking for work

Use-it-or-lose-it and Filing Deadline

If you have unused contributions in your Dependent Care FSA at the end of the current plan year you can continue to incur expenses through March 15, 2024 immediately following the end of the plan year, and receive reimbursement for these expenses until such unused funds are depleted. All requests for reimbursement will be accepted and processed through March 31, 2024. After March 31, 2024 funds remaining in your account for 2023 plan year will be forfeited.

Dependent Care FSA – Claims must be received by UHC's FSA department within 90 days of the end of the plan year.

Debit Card – Your FSA debit card allows you to quickly and conveniently access funds in your FSA for dependent care expenses. You may use it to pay for eligible dependent care expenses at the time of service and at locations that accept it.

- ✦ **Keep copies of ALL of your receipts and explanation of benefits worksheets for eligible transactions. UHC may ask you for this documentation. You are required to provide receipts during an IRS audit.**
- ✦ **If your childcare provider does not accept payment by debit card, you can pay the provider directly and then request reimbursement from UHC directly to your checking or savings account.**