

Flexible Spending Accounts (FSA)

A Flexible Spending Account (FSA) offers you an opportunity to budget and pay for certain living expenses and save on taxes at the same time. You choose whether or not to contribute to a spending account. You also decide how much to set aside.

Health care flexible spending account and limited health care flexible spending account

The Health Care Flexible Spending Account (HCFSA) reimburses you for your out-of-pocket medical, dental, vision and all other types of health care expenses. Typical expenses for you and your dependents recognized by the IRS include deductibles and co-payments.

The Limited Purpose Flexible Spending Account (LPFSA) is similar to a standard Health Care Flexible Spending Account but only applies if an employee is enrolled in a HDHP and is contributing to both an HSA and FSA in the same calendar year.

Before you meet your health plan's deductible, your limited purpose FSA funds are available only for dental and vision expenses. **After you meet your health plan's deductible**, you may get reimbursed for all FSA-qualified health care expenses and your limited purpose FSA may work like a standard health care FSA. You must provide Workterra with your latest Explanation of Benefits (EOB) as proof of meeting your annual deductible prior to reimbursement.

You may contribute a minimum of \$260 and a maximum of \$3,400 per year per individual, regardless of marital status.

FSA carryover provision - health care FSA

This provision will allow you to carry over a maximum of \$680 of your unused balance to the following year. The carryover is automatic and the funds will be available after April 1st following the plan year as long as you continue to be a benefit eligible employee. If your balance is over \$680 you will still lose the difference if you don't use it during the Plan Year.

Dependent care FSA

The Dependent Care Flexible Spending Account (DCFSA) reimburses your costs related to the care for your children or for a dependent adult while you are at work.

The program allows you to set aside pre-tax dollars to pay for the same kinds of expenses that you would declare as tax credits on your federal tax return. Under a spending account arrangement, you make contributions to the plan from your salary each pay period before payroll taxes are computed. You decide how much to deposit into your Dependent Care Flexible Spending account. You are then reimbursed for eligible expenses from your individual account based on claim forms received. Reimbursements will be limited to the amount currently on deposit in the account.

You may contribute a minimum of \$260 and a maximum of \$7,500 per year per household (or \$3,750 if filing separately).

Adoption assistance FSA

The Adoption Assistance option provides reimbursement to you for the reasonable and necessary expenses that you incur in the process of legally adopting an eligible child, including adoption fees, court costs, attorney fees and related travel costs.

You may contribute a minimum of \$260 and a maximum of \$17,670 per year for the adoption of any one child.

Transit/Commuter spending account

You can pay for your transportation expenses using the Workterra debit card. The amount you have available is limited to the amount of pre-tax payroll deductions you currently have in your account. Funds remaining in your account after December 31st will be rolled over into the new plan year. You can enroll, stop or make changes at any time through Workday.

Enrollments/changes are effective on the 1st of the month. Retroactive changes are not permitted.

You may contribute a maximum of \$340 per month.

Eligible expenses: Public transit fares (such as Muni and BART).

Ineligible expenses: Ride-hailing services (e.g., Uber, Lyft, taxis), tolls, express lanes, gas and mileage.

Flexible Spending Accounts (FSA) - *continued*

FSA debit card

Employees who have elected a Flexible Spending Account will receive an FSA debit card provided by Workterra. If you already have a Workterra debit card for an existing FSA, you can use the same card for next year. A new card is only mailed to new participants or when your current card expires.

You should save all itemized receipts for expenses paid from the accounts. You may receive an email/letter from Workterra (the plan administrator) asking you to submit any receipts as evidence the funds were used for qualified expenses.

Claims and reimbursement

Claims and reimbursements are processed by Workterra. You may also submit claims directly to Workterra and be reimbursed by check or direct deposit. Information about this process is available on the [Online Benefits Center FSA page](#).

Important spending account rules

Flexible Spending account rules are determined by the IRS. Although strict, these rules still give you ample opportunity to benefit and come out ahead. IRS regulations require that:

- You use the money in your spending account only for eligible expenses. Eligible expenses are discussed in greater detail on the next page.
- You will lose any money that you put into your spending accounts and do not use by the end of the year (“use it or lose it”) rule. The exception to this rule is the \$680 carryover provision on the Health Care FSA.

- If your family status changes you can change your election within 30 days. Otherwise, according to IRS regulations, you cannot change your elections for the calendar year.
- Reimbursement from the Dependent Care or Adoption Assistance Spending Accounts will be limited to the amount currently on deposit in the account. Health Care Spending Account claims will be reimbursed up to the amount of your annual election at any time during the year. If you terminate your employment, you may be reimbursed for any eligible health care expense incurred up to the last day of employment unless you continue to contribute to the plan through COBRA.
- You cannot transfer amounts between your spending accounts, nor can you use your Dependent Care Spending Account funds to pay for Health Care Spending Account claims or vice versa.
- Your salary-related benefits, including your disability, life, AD&D, and retirement, are not affected by the amounts you contribute to the spending accounts.

For detailed information on IRS rules please see:

- [IRS Publication 502 - Health Care FSA](#)
- [IRS Publication 503 - Dependent Care FSA](#)
- [IRS Publication 968 - Adoption Assistance](#)

DON'T FORGET! You MUST enroll each year you want to participate in an FSA.

