

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 \$3,200, pre-tax, to pay for eligible health care expenses, including dental and vision.
- ❖ You can elect an HSA or FSA but are not allowed to utilize both HSA and FSA together.
- ❖ 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, 2026 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, 2026. After March 31, 2026 funds remaining in your account for 2025 plan year will be forfeited.
- ❖ The full amount of your election is available to you on January 1, 2025, 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.