Healthcare Flexible Spending Accounts

Set aside, spend, and save

A Flexible Spending Account, or FSA, is an account with tax perks you use to stretch benefit dollars for healthcare expenses.

How a Healthcare FSA works:

- Decide what you want to contribute to your FSA for the year. Money is then deducted pre-tax from your paycheck in equal installments.
- Pay for qualified medical expenses for yourself, your spouse, and your dependents.
- Use your HSA Bank Health Benefits Debit Card to pay directly or pay out of pocket and submit a claim for reimbursement.
- Check your balance and account information on the Member Website or HSA Bank Mobile App 24/7.

What's covered?

You can use your FSA funds to pay for any IRS-qualified medical expenses like doctor visits, hospital fees, prescriptions, dental exams, vision appointments, over-the-counter medications, and more.

Visit **hsabank.com/QME** for a list of qualified expenses.

Am I eligible?

If you're not self-employed and a Healthcare FSA is included in your employee benefits package, you're most likely eligible to open one. You don't need healthcare coverage to participate, but your employer is typically required to offer a group health plan.

How much can I contribute?

Each year, the IRS limits how much you can contribute to your FSA. Depending on your plan, your maximum may be even lower.

You lose anything you don't spend by the end of the plan year, unless your employer offers a grace period, or your plan lets you carry over unused funds.

Visit **hsabank.com/irs-guidelines** for specific annual limits.

Tax savings

1. FSA contributions aren't subject to federal and most state income taxes.[1]

2. Employer contributions are excluded from your gross income when you file taxes.[1]

3. Any funds you spend on qualified medical expenses are tax-free.

[1] State tax exemption may not be available in every state. HSA Bank does not provide tax advice. Consult your tax professional for tax-related questions.

Visit **hsabank.com** or call the number on the back of your debit card for more information.

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Dependent Care Flexible Spending Accounts

Work without worry

A Dependent Care Flexible Spending Account (DC-FSA) lets you set aside pre-tax payroll dollars to pay for dependent care expenses, including after-school care or adult daycare for qualifying dependents. These expenses must be for the purpose of letting you (or your spouse, if married) work.

Who qualifies as a dependent?

1. A tax dependent **under age 13**.

2. Any other tax dependents living with you, such as a spouse or elderly parent, **physically or mentally incapable of self-care**.

How a DC-FSA works:

- Contribute to your DC-FSA pre-tax, through payroll deduction. Your employer can also contribute.
- Pay for eligible expenses; pay your provider directly with your HSA Health Benefits Debit Card or pay out of pocket and submit a claim for reimbursement.
- To submit a claim, scan and upload your receipt(s) through the Member Website or mobile app.
- Once your claim is approved based on eligibility and availability of funds, you will be reimbursed.
- Check balances and account information on the Member Website or mobile app 24/7.

How much can you contribute?

The IRS limits the amount you can put into a DC-FSA. Visit **hsabank.com/irs-guidelines** for the current limits.

How can you benefit from tax savings?

- Contributions, including any from your employer, are excluded from your taxable gross income.
- Withdrawals are tax-free for eligible dependent care expenses.

What's covered?

Visit **hsabank.com/qme** for a summary of common eligible dependent care expenses. Refer to Publication 503 at **irs.gov** for more details on qualified expenses.

Did you know?

- Under IRS guidelines, you can get reimbursed only for dependent care that already took place.
- Unlike a Healthcare FSA, your full dependent care election isn't available Jan. 1. You can't get reimbursed for more than you have currently in your account.

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Limited-Purpose Flexible Spending Accounts

Make sense of healthcare

A Limited-Purpose Flexible Spending Account (LP-FSA) is a powerful way to stretch your benefit dollars. Even if you already have a health savings account, you can also contribute pre-tax dollars to your LP-FSA to reimburse yourself for eligible out-of-pocket vision and dental expenses. And with the bonus of tax savings and increased take-home pay, it just makes sense.

An LP-FSA lets you to set aside pre-tax earnings to pay for qualified dental and vision expenses throughout the year. Since you don't pay federal or most state taxes on these paycheck deductions, you can benefit from tax savings.[1]

How does an LP-FSA work?

- Set up your tax-advantaged LP-FSA through your employer plan.
- Determine your annual contribution, which will be deducted, pre-tax, in equal installments from your paycheck.
- Pay for vision and dental expenses; pay your provider directly with your debit card or pay out of pocket and submit a claim for reimbursement.
- To submit a claim, scan and upload your receipt(s) or Explanation of Benefits on the Member Website or mobile app.
- Get reimbursed once your claim is approved.
- Check your balance and account information on the Member Website or mobile app 24/7.

Are you eligible?

You're likely eligible if you answer "yes" to the following:

- Your employer offers an LP-FSA benefits program.
- Your employer sponsors a group health plan.
  Note: Plan participation isn't required for eligibility.
- You're not self-employed.

LP-FSA employee pre-tax contributions do not reduce New Jersey wages subject to income tax. Certain limitations may also apply if you are a highly compensated participant or a key employee (IRS publication 969).

How much can you contribute each year?

The IRS sets limits each year for maximum contributions. Visit **hsabank.com/irs-guidelines** for the latest updates. Be sure to double-check your specific plan details, as it may further limit your contributions.

What happens to leftover funds at the end of the year?

Typically, unused funds don't carry over to the next plan year. However, your employer may offer a grace period or allow you to carry over unused funds.

What is the double-tax advantage?

- Tax-free withdrawals for qualified vision and dental expenses.
- Payroll deductions not subject to federal and most state taxes.

IRS-qualified vision and dental expenses[2]

- Eye exams
- Prescription eyewear
- Prescription contact lenses
- Contact lens solution
- Vision correction surgery
- Cleanings
- Fillings
- Crowns
- Braces
- Dentures

[1] HSA Bank does not provide tax advice. Consult your tax professional for tax-related questions.

[2] This list is not comprehensive. It is provided to you with the understanding that HSA Bank is not engaged in rendering tax advice. The information provided is not intended to be used to avoid federal tax penalties. For more detailed information on IRS-qualified expenses, refer to Publication 502 at irs.gov.

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