

# Flexible Spending Account (FSA)

The Employee Benefits Committee established a Flexible Spending Account as an added benefit to the Health Plan. A Flexible Spending Account (FSA) is a type of savings account that can be used to cover certain healthcare costs including deductibles, copayments and coinsurances. An FSA can also help you save money since the deductions are taken on a pre-tax basis. FSAs do not, however, earn interest.

When you contribute to an FSA, one of the key benefits is the funds contributed to the account are deducted from earnings and are not subject to income and payroll taxes, thus lowering one's taxable income. The Federal FSA Program estimates that those with an FSA save 30 percent on healthcare expenses on average.

The IRS limits how much can be contributed to an FSA account per year. The current annual contribution limit per employee is **\$3,200**. Access to the full elected amount would be available on the effective date. Deductions are then divided by the number of paychecks received for the year. For example, if the employee elects \$1,000, the full amount would be available for approved expenses in the first month. In the example, the employee receives 26 paychecks for the year, \$38.46 would be deducted from each paycheck on a pre-tax basis.

All funds set aside in an FSA are to be used by the end of the year. The Plan will allow a rollover of up to **\$640** of unspent funds into the next year. Funds will be immediately available via a debit card on January 01, even while contributions are spread throughout the year.

When you have an eligible expense, you submit a claim to the FSA plan administrator with proof of the expense and a statement that the expense is not covered by your healthcare plan. Then, the expense is reimbursed with funds from the FSA balance. In addition, you'll receive a convenient prepaid benefits card to make it easy to pay for eligible services and products not covered by your health insurance. When you use the card, payments are automatically withdrawn from your account. Just swipe the card and go. Most expenses can be validated through the card transaction but you may be prompted to provide a copy of the receipt for certain transactions in accordance with IRS regulations. When required, receipts can be easily sent and uploaded to either the FSA portal online or, through the FSA mobile app.

<https://summitmember.lh1ondemand.com/Login>

IRS rules don't permit you to use FSA money to pay eligible expenses covered by an FSA including most medical expenses, but cosmetic procedures and insurance premiums are ineligible. Some examples of eligible healthcare expenses are:

- Prescribed over-the-counter medicine
- Dental and vision exams
- Contact lenses and supplies
- Surgery
- Pregnancy test kits
- Insulin with or without prescription
- Orthodontia
- Physical therapy
- Bandages
- Menstruation Products

A complete list of eligible expenses is available on the IRS website. You can filter out FSA-eligible items on most websites such as Walgreens, CVS, Walmart, Amazon, and FSAstore.com.

If you are interested in enrolling in an FSA for 2024, speak with an HR Representative. Forms will be available during Open Enrollment, which is the only time you can sign up for 2024.