

Glynn Griffing & Associates

Professional Service.

Personal Care.



Flexible Spending Accounts

Flexible Spending Accounts are reimbursement accounts that allow you to pay for certain eligible expenses with tax-free dollars. Through a pre-tax salary deduction, you can convert taxable income into non-taxable benefits. The result is 15% to 40% more take-home pay! If you already have to pay for medical and/or dependent care expenses, why not pay for them with tax-free dollars?

There are 2 types of FSAs:

Health FSAs can be used to pay for eligible medical, dental, and vision expenses that are not covered by insurance. These expenses can be incurred by you, your spouse, and your dependents. A general listing of reimbursable expenses can be found in this brochure.

Dependent Care FSAs can be used to pay for eligible dependent care expenses that are incurred so that you and your spouse can work or attend school full-time. Covered expenses must be for dependent children under the age of 13, or for a person of any age whom you can claim as a dependent on your tax return.

The Pre-taxing of Insurance Premiums is another way to save in taxes. By allowing you to pay for certain insurance premiums with pre-tax dollars, this tax-savings method enables you to convert eligible premiums from an after-tax basis to a pre-tax basis, therefore increasing your take-home pay (see table for example). The nickname "Cafeteria Plan" comes from the idea that you can pick and choose the parts of the plan in which you want to participate.

No FSA	vs	FSA
2,000.00	Gross (Pre-tax) Income	2,000.00
-	Health FSA	100.00
-	Health Insurance (Pre-tax)	100.00
2,000.00	Taxable Income	1,800.00
753.00	Taxes Paid (37.65%)	678.00
100.00	Health Insurance (After-tax)	-
1,147.00	Take-Home Pay	1,122.00
100.00	Out-of-Pocket Medical Costs	-
\$ 1,047.00	Total Take-Home Pay	\$ 1,122.00

Savings of \$75 a month or \$900 a year!



Health FSA

Some common eligible expenses include:

- Co-pays
- Deductibles
- Prescription Drugs
- Dental Fees
- Orthodontics
- Chiropractor Fees
- Eye Exams
- Frames/Lenses
- Contacts/Lens Solution
- Lasik Eye Surgery
- Diabetic Supplies

Medical expenses for cosmetic purposes are not covered. Please refer to our website at <https://glynn.info> for additional eligible and non-eligible expenses.

Making Your Annual Contribution

At the time of enrollment, you must estimate the amount of money that you anticipate you and your dependents will spend during the next plan year on out-of-pocket medical expenses. Your employer will deduct an equal amount from each paycheck on a tax-free basis and deposit the money into your health FSA.

Contribution Limits

In 2013, the IRS limited the annual health FSA maximum to \$2,500. The limit is indexed for inflation based on the CPI (Consumer Price Index) beginning in 2014.

The Claim Filing Deadline

The deadline for submitting claims is the end of the “run out period,” which is typically 60 to 90 days following the end of the plan year. Claims received after the end of the run-out period will be denied.

Process For Reimbursement

Expenses must be incurred during the plan year and qualify as an eligible expense.

Your total annual elected amount is available at the beginning of the plan year. You may request reimbursement anytime you have an eligible expense or wait and file at year end.

When filing for reimbursement, we must have a reimbursement request form with an itemized bill from your service provider or an Explanation of Benefits (EOB) from your insurance carrier in order to comply with IRS regulations.

Claims can be submitted by:

- Fax
- Online claim submission
- Mail

The frequency of reimbursement is determined by your employer.

Modified “Use it or lose it” rule:

If you contribute dollars to a flexible spending account and do not use all of the monies you deposit, you may lose any remaining balance in the account at the end of the plan year unless:

Your employer chooses to allow you (1) to carryover up to \$500 that can be used to reimburse qualified medical expenses incurred during the following plan year, **OR** (2) a grace period of up to 2 1/2 months. However, your employer **cannot offer both** a carryover option and a grace period.

Please Note: Your employer is not required to allow either.

Dependent Care FSA

Eligible Expenses

- Dependent care must enable you and your spouse to be employed or attend school full-time.
- The child must be under the age of 13 and claimed as a dependent under federal tax rules.
- Services must be for the physical care of the child, not education, meals, etc.
- Qualified dependent care expenses also include costs for the care of a spouse or dependent who is incapable of self-care and regularly spends at least 8 hours per day in your home (for example, an invalid parent or child).

Examples of Typical Dependent Care Providers

- Child Care Centers & Nursery Schools
- Pre-School & After School Care (Tuition expenses must be kept separate.)
- Summer Day Camps
- Private sitters, who are not your dependent, in your home or at another location

Making Your Annual Contribution

At the time of enrollment, you must determine how much money you will spend for dependent care during the next plan year. Your employer will deduct an equal amount from each paycheck on a tax-free basis, and deposit the money into your dependent care FSA.

Contribution Limits

The IRS has set these annual maximum allowable contribution amounts for a dependent care account.

- \$5000 for a married couple filing jointly
- \$5000 for a single parent
- \$2500 for a married person filing separately

Process For Reimbursement

Dependent care expenses must be incurred during the plan year to qualify as an eligible expense.

The IRS requires the following information to be sent along with a reimbursement request form:

- Provider of dependent care services
- Tax ID number or SSN of provider
- Dates of service
- Name of dependent
- Amount paid

Unlike the health FSA, dependent care reimbursements are available to you only for the amount that has been deposited into your account.

Claims can be submitted by:

- Fax
- Online claim submission
- Mail

The frequency of reimbursement is determined by your employer.

Questions & Answers

Can I make changes in my plan during the year?

Maybe. Federal regulations allow you to pay for certain expenses on a tax-free basis, and the government requires that your election remain in effect until the end of the plan year. However, these regulations do allow exceptions for a qualifying change of status.

Qualifying change of status includes:

- Marriage
- Divorce
- Birth or adoption of a child
- Child loses eligibility
- Spouse gains or loses employment
- You or your spouse take an unpaid leave of absence

How can I check my Health FSA and Dependent Care FSA balances?

You can check your balances online by logging into your personal account at <https://glynn.info>, or by contacting our office.

Should I take the federal income tax credit instead of participating in a Dependent Care FSA?

In most cases, the dependent care FSA is a better tax benefit, but you should consult a qualified tax advisor in making your decision.

Glynn Griffing & Associates is dedicated to providing our participants with professional assistance and customer service. We are committed to helping our participants recognize the financial benefit of Cafeteria Plans.

Instead of participating in a Health FSA, shouldn't I just take these deductions off my tax return?

IRS regulations state that only medical expenses exceeding 10% of your adjusted income can be deducted from your income taxes.

I have been hearing about a FSA Debit Card. How can I get one?

Your employer must subscribe to this service. Contact your HR administrator, and let them know you are interested.

Where can I get additional information on Health and Dependent Care FSAs?

Additional information can be found on our website, <https://glynn.info>. There, you will find educational materials, forms, more Q&As, and important updates. Also, feel free to contact us through the website or call if you have additional questions.



Glynn Griffing & Associates
Employee Benefits and Insurance
Professional Service. Personal Care.

Visit us at <https://glynn.info> for more information on Flexible Spending Accounts.

Mailing Address: P.O. Box 16509
Jackson, MS 39236
Office Location: 1771 A Lelia Dr.
Jackson, MS 39216

Phone: (601) 982-0331
Toll-Free: 1-800-326-4885
Claims Fax: (844) 859-7308
Email: support@glynn.info

Office Hours: Mon.-Thurs. 8:30am to 4:30pm and Fri. 8:30am to 4:00pm