



FLEXIBLE SPENDING ACCOUNTS

WHAT ARE THEY?

Flexible Spending Accounts (FSAs) 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?

HEALTH FSA

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 FSA

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 that you can claim as a dependent on your tax return.

PRE-TAXING INSURANCE PREMIUMS

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	MONTHLY	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
553.00	Taxes Paid (27.65%)	497.70
100.00	Health Insurance (After-tax)	-
1,347.00	Take-Home Pay	1,302.30
100.00	Out-of-Pocket Medical Costs	-
\$ 1,247.00	TOTAL TAKE-HOME PAY	\$ 1,302.30

Savings of \$55 a month or \$660 a year!

HEALTH FSA

Common Eligible Expenses

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

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.

Contribution Limits

Contribution limits are set by your employer; however, they cannot exceed the IRS maximum. This limit is indexed for inflation based on the CPI (Consumer Price Index) and is subject to change year over year.

For plan years beginning in 2025, the IRS annual maximum is \$3,300.

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 will need a reimbursement request form with acceptable documentation.

To meet IRS regulations, an itemized bill from your service provider or an Explanation of Benefits (EOB) from your insurance carrier is required.

Claims can be submitted by:

- Fax
- Online claim submission
- Mail

Your employer determines the frequency of reimbursement.

Modified "Use it or lose it" Rule

If you have funds remaining at the end of the plan year, they may be lost unless your employer allows for a carryover or grace period benefit.

Check with your employer for any **carryover benefit** (as indexed by inflation if adopted by your employer) to pay for qualified medical expenses that occur in the following plan year.

For plan years beginning in 2025, the IRS carryover maximum is \$660 (if adopted by your employer).

The **grace period benefit** gives you up to an additional 2 1/2 months to incur eligible expenses after the plan year has ended.

Your employer cannot offer both the carryover and a grace period benefit and 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 fulltime.
- 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).

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 on dependent care during the next plan year. Your employer will deduct an equal amount from each paycheck on a tax-free basis.

Contribution Limits

The IRS has set the 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

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 withheld from your paycheck.

Claims can be submitted by:

- Fax
- Online claim submission
- Mail

Your employer determines the frequency of reimbursement.





QUESTIONS & ANSWERS

Can I make changes to 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 remains 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 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. However, you should consult a qualified tax advisor in making your decision.

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 heard about the 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 is available 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 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.



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

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

This brochure contains general information about Flexible Spending Accounts that are governed by IRS regulations, which may be amended from time to time.