



HOW TO SAVE MONEY WITH A FLEXIBLE SPENDING ACCOUNT

What is a Flexible Spending Account (FSA)?

A Flexible Spending Account (FSA) is a pre-tax benefit that allows you to set aside pre-tax dollars on an annual basis to use for eligible healthcare and/or dependent care expenses.

Expenses can include: co-pays, deductibles, dental expenses, eyeglasses, and over-the-counter drugs.

How might this affect you?

Here is an example that may help:

How Jane Saves Money with an FSA:

Jane's Annual Salary:	\$ 35,000
Jane's estimated out-of-pocket medical/dental expenses:	\$ 1,000
Jane's estimated out-of-pocket dependent care expenses:	\$ 2,500

	<u>Without FSA</u>	<u>With FSA</u>
Gross Pay	\$35,000	\$35,000
FSA Contribution	- \$0	- \$3,500
<u>Taxable Income</u>	<u>\$35,000</u>	<u>\$31,500</u>
Taxes (Fed, State, FICA)	- \$10,500	- \$9,450
Out-of-Pocket Expenses	- \$3,500	- \$3,500
<u>Reimbursement from FSA</u>	<u>+ \$0</u>	<u>+ \$3,500</u>
Net Annual Income	\$21,000	\$22,050

Jane saves \$1,050 annually, or \$87.50 per month

What would be required of you?

It's simple...

- Estimate your out-of-pocket expenses for the plan year (include employee, spouse & dependents).
- Enroll in the plan during your employer's enrollment period making the appropriate elections.