



Flexible Spending Account Section 125 Cafeteria Plan

What is a Flexible Spending Account?

A benefit provided by your company that lets you set aside a certain amount – up to annual maximums of **\$3,200** per employee for unreimbursed medical expenses and/or up to **\$5,000** per family for dependent care. This money is deducted from your paycheck before income taxes are calculated, and set aside into an account for you. During the year you can be directly reimbursed from your account for qualified healthcare and/or dependent care.

Why should I participate when I already have health insurance?

This healthcare account is used to pay for expenses not covered by insurance such as deductibles, co-payments, coinsurance, prescriptions, dental expenses, glasses, and certain over-the-counter items.*

The dependent care account allows you to set aside up to \$5,000 per year for dependent care expenses (\$2,500 per year if married filing separately). The account can be used to cover expenses for care of children up to age 13 as well as disabled dependent adults.

Your money is never taxed.

Because your spending account deductions are pre-tax, you can save **30-50%** of your out-of-pocket expenses related to healthcare, dependent care, and transportation. Your money goes further because you never have to pay tax on the money set aside in these accounts.

The plan is simple to use.

Regular amounts are deducted from your gross wages and applied to your spending account. Reimbursements are issued to you from your spending account when you submit a documented claim.

Sample Section 125 Savings

No Section 125	Section 125
Paycheck.....\$1,000	Paycheck..... \$1,000
30% Tax-\$300	Premiums..... -\$100
Net Pay=\$700	Net Pay..... = \$900
Premiums-\$100	30% Tax -\$270
Take Home.....=\$600	Take Home = \$630

You take home \$30 more per paycheck!

To set up a spending account, all you have to do is estimate how much money you spend for covered expenses. You must sign up during your open enrollment period or when you are first eligible for the plan. After you have received approved services you can use your card to pay for services without filing claim forms, or you can submit a paper claim to administration.

This is a brief description of your Flexible Spending Account. Please refer to your actual plan documents or benefits administrator if you have questions or need more information.

** With passage of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in March 2020, OTC medications are once again eligible for purchase with FSA/HSA funds without the need for a prescription. In addition, menstrual care products are now also eligible for purchase with FSA/HSA funds without the need for a prescription. **You can use either your debit card to purchase these items or submit the purchase receipt for reimbursement.***