

# Flexible Spending Account Summary

The Flexible Spending Account (FSA) Program is governed by Section 125 and 129 of the Internal Revenue Code. This is a voluntary program which is available to all regular employees with an FTE level of .5 or greater who have completed their initial probationary period.

The FSA allows you to use pre-tax dollars to pay for health care expenses and dependent care (child care) expenses. Each employee has the option of enrolling in either or both of these programs. Under the FSA, you authorize a certain amount of money to be deducted from your paycheck each month before taxes. Because you are not taxed on these contributions you are reducing your taxable income, lowering your tax liability, and increasing your take-home pay. Throughout the year, as you submit claims to the Finance Department for allowed expenses, you are reimbursed from your account and no taxes will be deducted from your reimbursement check.

Should you elect to participate in the FSA program you can not change the amount you elect to deposit, start a new account, or discontinue an account until the next open enrollment period or one of the following occurs:

- Marriage or divorce
- Birth or adoption of a child
- Start of spouse's employment
- Taking of at least 31 days of unpaid leave
- Significant change in the cost of coverage under the health plan of employee or spouse
- Death of a spouse or dependent
- Termination of spouse's employment
- Change between full-time and part-time employment
- Separation from service
- Significant change in the cost of dependent care (not initiated by employee)

## Health Care Reimbursement

You may authorize up to \$3,600 per calendar year to be deducted from your pay before taxes and credited to your Health Care Spending Account. One twelfth of the annual total will be deducted from each monthly paycheck.

You may use the money in your account to reimburse yourself for eligible health care expenses that are not covered or only partially covered by your county health, dental, and vision plans or other health care plans which you or your spouse may have. The total amount you have elected to put in your Health Care FSA is available at the start of the year for eligible expenses incurred January 1<sup>st</sup> 2006 or later. Each request for reimbursement is paid in full (regardless of the amount actually contributed) and subtracted from the annual total.

The general rules for determining an eligible expense are:

- The Internal Revenue Service (IRS) must recognize the expense as a tax-deductible item.
- The expense is not fully reimbursed under any employer-sponsored or personal insurance coverage.
- The expense is for medical care or for the treatment of a medical condition; treatments/medications that are merely beneficial to general good health are not reimbursable.

Examples of eligible expenses include:

- Deductibles and co-payments
- Physical and speech therapy
- Orthodontia
- Chiropractors
- Counseling
- Prescriptions
- Certain over-the-counter (OTC) medications

## Dependent Care Reimbursement

The Dependent Care Spending Account helps you save money on child care and dependent care expenses by allowing you to pay these expenses on a tax-free basis. Under this plan eligible dependents are:

- Children under age 13 whom you may claim as dependents on your federal income tax return, including adopted children, stepchildren and foster children.
- Your spouse or anyone else who qualifies as your dependent under Section 152 of the Internal Revenue Code, if the person is physically or mentally incapacitated.

Contributions to a Dependent Care Spending Account are limited to \$5,000/year. You can be reimbursed for child or dependent care expenses which enable you or your spouse to be gainfully employed. These expenses include both care within the home and outside of the home (i.e. daycare). If your dependent is cared for out side your home, the provider must comply with state and local laws. To be reimbursable under this plan the care provider can not be your dependent and expenses must be provided in the plan year (January 1<sup>st</sup> through December 31<sup>st</sup>). When requesting payment for dependent care expenses the amount reimbursed is limited to the lesser of the claim amount or the amount available in your account.