Goldleaf PARTNERS® EMPLOYER SERVICES
part of FuturePlan by Ascensus®

Flexible Spending Account (FSA) Frequently Asked Questions

With medical costs and child care expenses increasing every year, you may find yourself asking, "How can I save money?" Contributing pre-tax money to an FSA is a great way to help pay for and offset these expenses. FSAs are provided by employers to help employees pay for eligible medical and dependent care expenses. Dollars contributed to an FSA are deducted from your pay before you pay Federal, State, or Social Security taxes. By contributing to an FSA, savings up to 40% can be realized on every dollar you spend on out-of-pocket medical expenses and dependent care expenses.

Why should I participate?
Even if you and your family are covered by your employer's health plan, you may have some additional expenses. For example, you may pay deductibles, co-payments, or other medical expenses that are not covered by insurance. By participating in an FSA, you can use pre-tax dollars to help pay for these eligible expenses.

Who is eligible for an FSA?
Your employer has a Summary Plan Description (SPD) that contains all of the information regarding the plan, including eligibility. If you have not already received a copy of the SPD, you can request one from your employer.

How does an FSA work?
At the beginning of your employment or the beginning of a new plan year (also referred to as open enrollment), you may elect the dollar amount you want withheld from each paycheck to pay for eligible medical care expenses up to the limit set by your employer. Each pay period, the designated amount will be withheld from your paycheck and credited to your account. Your entire annual election is available to you immediately for qualified eligible medical expenses.

What medical expenses are eligible for reimbursement?
Most health-related expenses that could be deducted on your income tax return are eligible. (See IRS Publication 502 for more information on deductible medical expenses.) Medical insurance premiums paid outside of your employer's plan or elective procedures (e.g., cosmetic surgery, teeth bleaching) are not eligible for reimbursement. Only expenses incurred during an active plan year, while an active employee, are eligible for reimbursement. As of 1/1/2020, most over-the-counter medicines and drugs are reimbursable without a prescription from your health care provider. Prepays are not incurred expenses and are not reimbursable until after the services are actually incurred. Itemized receipts from the provider will be required. Those need to detail date of services, services rendered, patient name, and amount owed.

Once I'm enrolled in the FSA, can I change my election?
Changes to your FSA may be made only during the open enrollment period unless you experience a qualifying change in status event. A change in status event may include marriage, divorce, death of a spouse or dependent, birth, adoption, or change in your

spouse's employment. You will need to submit notification of the status change to your employer within 30 days of the event in order to make a new election.

What happens if I don't use all the money I have contributed?
Because you do not pay income taxes on the money you contribute to your FSA, the Internal Revenue Service (IRS) has established strict rules regarding how the money can be used. The amount of money you place into your FSA must be used by the end of the plan year or you will lose it, *unless otherwise provided for by your employer plan design*. It is important that you plan carefully and only contribute the amount you are sure you will need to pay for medical and dependent care expenses during the plan year to avoid forfeiture of the monies.

If I use the FSA to pay for my medical expenses, can I also deduct them from my tax return?
Only those expenses that have not been reimbursed through your FSA may be itemized on your tax return.

What is a limited-purpose health FSA?
A limited purpose health FSA is similar to a general-purpose health FSA; however, under a limited purpose FSA, eligible expenses are limited to qualifying dental and vision expenses only.

What is the advantage of having a limited-purpose health FSA?
Individuals may not contribute to a health savings account (HSA) if they are covered by any non-qualifying health plan, which includes a general-purpose health FSA. By limiting reimbursements to only dental and vision care expenses, individuals remain eligible to participate in both a limited-purpose FSA and an HSA. Participating in both plans allows individuals to maximize savings and tax benefits.