Flexible Spending Accounts (FSA)
An FSA allows you to pay for a variety of out-of-pocket healthcare and/or dependent care expenses through pre-tax payroll deductions. Blue Cross and Blue Shield is the FSA administrator. When enrolling, you determine how much money you want to contribute to the healthcare and/or dependent care account. The money is then withheld from your pay before taxes are calculated. You will be reimbursed from the account after you incur eligible expenses.

Tax Savings Example
Participating in an FSA can reduce your taxes by reducing your taxable income. Using these pre-tax accounts can make a significant difference in your take-home pay. The chart below illustrates what would happen if your annual pay was $45,000 and you had $2,000 in eligible health or dependent care expenses.

<table>
<thead>
<tr>
<th>Example</th>
<th>Without FSA</th>
<th>With FSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pay</td>
<td>$45,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>FSA Pre-tax contribution</td>
<td>0</td>
<td>- $2,000</td>
</tr>
<tr>
<td>Estimated taxes</td>
<td>- $6,043</td>
<td>- $5,590</td>
</tr>
<tr>
<td>Out-of-pocket expenses</td>
<td>- $2,000</td>
<td>0</td>
</tr>
<tr>
<td>Take-home pay</td>
<td>$36,957</td>
<td>$37,410</td>
</tr>
<tr>
<td>Extra take-home pay with FSA</td>
<td>$453</td>
<td></td>
</tr>
</tbody>
</table>

Healthcare Flexible Spending Account
This account can be used to pay for many healthcare expenses incurred by you and eligible IRS tax dependents that are not covered by your medical, dental or vision insurance. The maximum annual amount allowed for this plan is $2,550. Some common eligible expenses include orthodontia, coinsurance, co-pays, prescriptions and some over-the-counter medications when accompanied by a doctor’s written prescription (effective 2015).

Dependent Care Flexible Spending Account
This account can be used to reimburse you for expenses for the care of your qualified IRS dependents, if the expenses are incurred:
- so you and your spouse can work or attend school full-time.
- for services relating to the care of a dependent child under the age of 13 or your dependent or spouse who is physically or mentally incapable of self-care and who lives with you for more than one-half of the year.
- for services provided during the plan year while employed with the System.

The maximum annual amount allowed for this plan is $5,000 or $2,500 for married taxpayers filing separate returns. Eligible expenses include:
- licensed nursery school and daycare facilities for children or elderly disabled dependent
- child care in or outside your home

Estimate Carefully
It is best to contribute enough to cover as many eligible expenses as possible because it saves you money! However, IRS rules state that any contributions you don’t use for expenses incurred in the plan year will be forfeited.

Getting Reimbursed
Healthcare Expenses – If your medical and dental coverage is provided by the System, your out-of-pocket expenses will automatically be reimbursed. Claims for incurred expenses in either vision plans must be filed by participants. If your medical, dental or vision coverage is provided through another employer, or you are filing for eligible over-the-counter expenses, you must file a paper Request for Reimbursement form with the appropriate documentation.

Dependent Care Expenses – You will need to file a paper Request for Reimbursement form with the appropriate documentation in order to be reimbursed.

Remember, you must enroll each plan year to participate in the flexible spending account
Even if you are enrolled in the current plan year, you must submit a new election form during annual open enrollment to continue in following plan year. Failure to do so will end your participation at the end of the plan year.