

**FLEXIBLE SPENDING ACCOUNTS**  
**UNREIMBURSED MEDICAL**  
**AND**  
**DEPENDENT CARE**

**Benefits office 378-4235**

## FLEXIBLE SPENDING ACCOUNTS (FSA's, FLEX)

FSA's are a way to set aside pre-tax dollars to cover **qualified** expenses that you would normally pay with post-tax dollars. When you participate in an FSA you pay no federal or Social Security tax on the money you place in these accounts and when you are reimbursed from your account for eligible expenses, you will not be taxed on the reimbursement.

**Example:** *Suppose you elect to put \$1000.00 into a FSA and you are in the 15% tax bracket. You would save \$150.00 in federal taxes plus \$76.50 in Social Security taxes for a total of \$226.50 because the 1000.00 is taken out of your pay on a pre-tax basis.*

## Some IRS Rules Governing FSA's

Section 125 of the Internal Revenue Service (IRS) established the rules regarding Flexible Spending Accounts. Following are two of the most important rules to remember in order to benefit from the tax advantages offered by a Flexible Spending Account.

If you have any money left in your account at the end of the plan year, January 1 through March 15, it will be forfeited. This means you should plan carefully the amount you wish to set aside in your FSA because it is a **use it or lose it** situation. Should you choose to participate in the FSA option, there is a worksheet included to assist you in determining an accurate amount to contribute.

The IRS allows you to set up two different kinds of FSA's depending on your needs. One account is for healthcare expenses and the other is for dependent care expenses. You may have both kinds of accounts but you cannot use the money from one to pay for the other nor can you transfer contributions from one to the other.

## Healthcare Flexible Spending Accounts

The **maximum reimbursement amount is \$4550.00** per year or \$175.00 per pay period to pay eligible expenses for you and/or your dependents which are not covered by the City of Amarillo Group Health Benefit Plan. The minimum amount you may contribute per pay period is \$5.00. You cannot, however, claim these expenses on your tax return if you have been reimbursed for them. Prescription co-pays, glasses, contacts, and deductible amounts are just a few examples of eligible expenses that can be reimbursed through the Healthcare FSA. Call the Benefits Office at 378-4235, if you have any questions about eligible expenses.

## Reimbursement From Your Healthcare FSA

**Medical and/or dental charges that are covered expenses under the Plan** automatically roll into your Flex account as they are processed. Checks are issued with the regular claim run each Monday. Reimbursement can be made only for charges incurred during the Plan Year (January 1 thru March 15) in which the contribution is made. Receipts and/or bills for services incurred during the Plan Year may be submitted until June 15<sup>th</sup> of the following year. The receipts and/or bills must have the following information:

- < the provider name
- < date of service
- < correct procedure codes
- < your name and the covered person's name.

**Note: no reimbursements will be made on services provided by a relative of the enrolled member.**

The receipts and/or bills can be mailed, emailed, faxed or delivered to the Benefits Office.

**If you are submitting healthcare expenses not covered under the Plan:**

- < Complete a ***Flex Plan Reimbursement Request Form***.
- < Attach your itemized bill, receipt or other proof of charges which must contain the provider's name, date of service, service provided, and patient's name and submit to the Benefits Office.

***YAll Reimbursement Request Forms must be received by noon on Friday to be considered for reimbursement the following week. Forms are available from your***

*payroll clerk or in the Benefits office.*

## **Dependent Care Flexible Spending Accounts**

You may set aside **\$5,000.00 per year** in a Dependent Care Flexible Spending Account, if you are single or married and file a joint tax return. If you are married filing separately, the maximum amount is **\$2400.00 per year**. The minimum contribution is \$5.00 per pay period or \$130.00 per year.

Eligible dependents include children under age 13, older children (if disabled), your spouse (if disabled), or elderly parents who spend at least eight hours a day in your home and who are unable to take care of themselves. You must claim these dependents as deductions on your federal tax return for the expenses to be eligible. You **cannot** use this account for medical or other healthcare expenses for your dependents.

You may be reimbursed from your Dependent Care FSA for such IRS approved expenses as:

- < childcare
- < babysitting or dependent care services in your home or someone else's home while you and your spouse are working
- < **cost of a licensed dependent care center**
- < **certain expenses** for dependent care by a live-in housekeeper
- < **pre-school expenses** for dependents not yet in the first grade
- <

If you have question regarding an eligible expense, call the Benefits office at 378-4235.

***Expenses reimbursed through your Dependent Care FSA are the same as those allowed to be taken as federal tax deductions and credits. Those expenses reimbursed through your Dependent Care FSA may not be used as federal tax deductions or credits. As a rule, if your total annual family income is \$28,000 or less, you may be better off taking the federal income tax credit. Consult a professional tax advisor for what is best in your situation.***

## **Reimbursement From Your Dependent Care FSA**

To be reimbursed from your Dependent Care FSA:

- < complete a ***Flex Plan Reimbursement Request Form***, attach the receipt with the provider's name, address and tax identification number, mail, email, fax or deliver to the Benefits office.

***You may only be reimbursed for the amount that is available in your FSA for dependent care expenses. Dependent care expenses will be reimbursed bi-***



Orthodontics

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Hearing care

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Total Expected Eligible**

\_\_\_\_\_  
+  
\_\_\_\_\_  
+  
\_\_\_\_\_

**Expenses**

**TOTAL**

**\$** \_\_\_\_\_

**Dependent Care**

**Eligible Expenses**

Child day care

\_\_\_\_\_  
\_\_\_\_\_

Adult day care

FICA and other taxes you pay for care providers

\_\_\_\_\_  
\_\_\_\_\_

Pre-school tuition

\_\_\_\_\_  
\_\_\_\_\_

Summer camp (not including overnight or specialty camps)

\_\_\_\_\_  
\_\_\_\_\_

Other

\_\_\_\_\_  
\_\_\_\_\_

TOTAL

\_\_\_\_\_  
\_\_\_\_\_

\$

\_\_\_\_\_  
\_\_\_\_\_