

# Flexible Spending Accounts

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The City allows you to contribute to flexible spending accounts, which allow you to save taxes on certain out-of-pocket health care and dependent care expenses. ASI Flex is the administrator for employee FSA accounts.

## How the FSAs Work

The City offers two types of FSAs:

- Health Care FSA
- Dependent Care FSA

You must re-enroll in the Flexible Spending Account every year at Open Enrollment – Your election will not roll over from the previous year.

If you elect to contribute to one or both of the FSAs, you choose an annual amount to be taken from each of your paychecks and deposited into your account throughout the year. Your contributions are taken out of your paycheck before you pay taxes, so you save money.

For the Health Care FSA – You will have access to all of the funds you elect on January 1<sup>st</sup>, 2016. You can now use an FSA card to pay for eligible expenses.

For the Dependent Care FSA – You will have access to the funds as soon as they have been payroll deducted. The FSA card cannot be used for Dependent day care FSA.

**With the Health Care FSA and Dependent Care FSA accounts, the IRS requires you to use all of the money in your account by March 15<sup>th</sup> or you will lose it.**

## Health Care FSA

You can use the Health Care FSA to pay for eligible out-of-pocket expenses that are not covered by another health plan. Examples include, but are not limited to:

- Medical or dental deductibles
- Coinsurance amounts for medical and dental
- Amounts you pay for prescription drugs
- Amounts you pay for certain over-the-counter items
- Eyeglasses, contacts and other vision-related expenses
- Orthodontia expenses

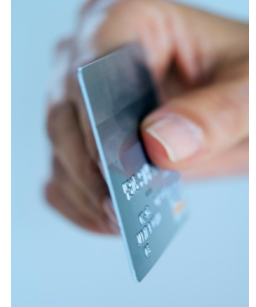
## Annual Contribution Amount

You can contribute \$130 to \$2,550 per year to the Health Care FSA. If you and your spouse are both eligible for a Health Care FSA – You may each elect \$2,550 per calendar year.

# Flex Debit Card

When you enroll in the Health Care FSA, you can sign up for a debit card. If you elect a debit card – you will receive an FSA card in the mail in a plain white envelope around December 25<sup>th</sup>.

You can use your FSA card like a debit or credit card at the time of service. The card can be used to pay for eligible health care expenses such as prescription drugs and medical deductibles.



## Use of the debit card is NOT paperless

ASIFlex will notify you when documentation is required

### Documentation not required for:

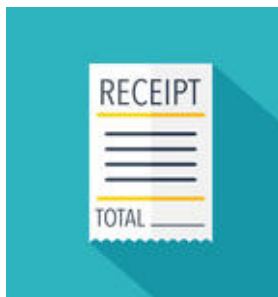
- Flat dollar co-payments for prescriptions under the Maxor Rx plan
- Qualified over-the-counter health care items
- Recurring expenses for same dollar amount, same provider each month (for example – payments to an orthodontist)

### Documentation required for:

- Doctor expenses, x-ray, lab, hospital, deductibles, coinsurance, etc.
- Dental expenses such as deductibles and coinsurance
- Vision expenses that are not a copay

### Respond to requests

If you do not respond – the IRS requires that your card be inactivated and you will be unable to use it until you respond.



It's important to keep copies of all your receipts—even if you are not required to submit them as proof of your expense. That way, if the IRS asks for substantiation of your expenses, you will have the receipts.

## A Reminder about certain over-the-counter prescriptions

You must have a doctor's prescription to use the Health Care FSA to reimburse yourself for certain over-the-counter medications. Examples of medications that require you to submit a doctor's prescription include:

- Acid controllers, digestive aids and stomach remedies
- Allergy and sinus medicines
- Anti-itch and insect bite remedies
- Cold sore remedies
- Cold, cough and flu drugs
- Pain relief medications
- Respiratory treatments
- Sleep aids and sedatives



To find out more information on eligible Over the Counter items –  
Visit the FSA Store.

Log onto your [ASIFlex.com](https://www.asiflex.com) account and there will be a link to the FSA Store.

## Dependent Care FSA

The Dependent Care FSA helps you afford day care for your children under age 13 or for a disabled dependent. There are some special rules for participating in this account:

- The day care expenses must be necessary so you can work.
- You can only be reimbursed for expenses incurred during the plan year.
- If you are married, your spouse must be:
  - Employed, or A full-time student at least five months during the plan year, or Mentally or physically disabled and unable to provide care for himself or herself.

Generally, you may use the money in your Dependent Care FSA for care for:

- Your children under age 13 whom you claim as a dependent for tax purposes
- Other dependents of any age who are mentally or physically disabled and whom you claim as a dependent for tax purposes (spouses and dependents age 13 and older must spend at least eight hours a day in your home if you are reimbursing yourself for services provided outside the home).

**You can contribute up to \$5,000 per year to the Dependent Care FSA. If you are married and you and your spouse file separate tax returns, the maximum you can contribute is \$2,500.**

## Important FSA Considerations

- For the Dependent Care FSA, you may only be reimbursed up to the amount in your account at the time you file a claim. If your eligible expenses are greater than the amount in your account, the unreimbursed amount will carry over and be reimbursed after your next deposit. (For the Health Care FSA, you can be reimbursed up to the full amount you have elected to contribute for the year—even if you have not yet contributed that much to your account.)
- The Health Care FSA and the Dependent Care FSA are separate accounts. You cannot use funds from one account to pay for expenses of the other. You also cannot transfer funds between the two accounts.

If you use the Dependent Care FSA, you must provide your caregiver's Social Security number or tax ID when you file a claim for reimbursement.

### **Use it or Lose It**

You must incur eligible expenses during the plan year (January 1, 2016 – March 15, 2017) to receive reimbursement from money you have contributed to the account(s).

You will have until March 31<sup>st</sup>, 2017 to file claims for expenses incurred during the plan year. All money remaining in the account after that date will be forfeited.