

# INCREASE YOUR TAKE HOME PAY WITH A FLEXIBLE SPENDING ACCOUNT (FSA)

## WHAT IS A FLEXIBLE SPENDING ACCOUNT (FSA)

By selecting to redirect a portion of your salary to a health and/or dependent care Flexible Spending Account (FSA), you essentially “bank” your money TAX-FREE. The UNTAXED money can be used to pay for all those health and/or dependent care expenses that eat away at your take home pay. Expenses for you and your family members include, but are not limited to, the medical plan co-pays and deductibles, dental plan deductibles and visit fees, prescription co-pays, over-the-counter medication costs (if provided through a doctor’s prescription), contact lenses, chiropractic care, acupuncture, hearing devices, insurance deductibles, child care or elder care.

## HOW A FLEXIBLE SPENDING ACCOUNT WORKS

Faculty and staff may enroll in one or both Flexible Spending Accounts. *You must re-enroll each year that you wish to participate.* You decide how much money to put into your account by estimating how much you expect your health and/or dependent care expenses to be during the calendar year. The amount is then deducted from your paycheck in equal installments throughout the year, before taxes are withheld, and deposited into your account(s). Login to Employee Online and select the “What If” option to estimate the amount of tax savings you may receive by enrolling in Flexible Spending Accounts.

Enrollment information will be sent to our vendor, Sentinel. Sentinel will send you a debit card that can be used at the doctor’s office, pharmacy, hospital, daycare center, etc. Use of the debit card is not mandatory. Reimbursements for Daycare and Health Care Flexible Spending Accounts will be processed by Sentinel as a check or you may wish to enroll in their direct deposit program. To access Sentinel’s website [click here](#). Login to review your account balance, check on your claim status, download forms or submit a claim and upload receipts.

## A LITTLE PLANNING GOES A LONG WAY

While Flexible Spending Accounts offer many advantages, there are a few key points to keep in mind to make sure your account(s) work for you:

- Once you sign up for one or both accounts, you cannot change or stop your contributions unless you experience a qualified family status change, such as marriage, divorce, the birth or adoption of a child, or a change in employment status of you or your spouse.
- When you use an account, you cannot claim the same expenses on your federal income tax return. In some cases, you may be able to receive a tax credit for certain dependent care expenses that are more advantageous than the tax free account reimbursement.
- The Flexible Spending Account cannot be used for domestic partner related expenses.
- You have until March 30, 2019 to submit claims for reimbursement of: 1) Health related expenses incurred between January 1, 2018 and March 15, 2019, or 2) Dependent care expenses incurred during calendar year 2018. According to IRS rules, any money left in your account is forfeited.
- The Flexible Spending Account is a once a year election that must be made prior to the start of a new tax year.

## HOW A FLEXIBLE SPENDING ACCOUNT CAN SAVE YOU MONEY

	Without an Account	With an Account	Flexible Spending Account
Salary	\$20,000	\$20,000	
To Account			\$195
Taxable Salary	\$20,000	\$19,805	
Income Tax (20%)	\$( 4,000)	\$( 3,961)	
Social Security (7.65%)	\$( 1,530)	\$( 1,515)	
Salary After Taxes	\$14,470	\$14,329	
Medical Expenses			
7 Office Visits at \$15 each	\$(105)	\$(105)	
4 Generic Prescriptions at \$10 each	\$(40)	\$(40)	
2 Brand Name Prescriptions at \$25 each	\$(50)	\$(50)	
Account Reimbursement		\$195	
Net Pay	\$14,275	\$14,329	
INCREASE IN ANNUAL TAKE HOME PAY		\$54	

## HOW TO ENROLL IN THE PLAN

To participate in the tax-free Flexible Spending Account program, complete the attached Union College Health/Dependent Care Flexible Spending Account form and return it to Human Resources.

The minimum contribution for a health care account is \$1 per pay period and the maximum contribution is \$2,650 per year.

The minimum contribution for a dependent care account is \$100 per year and the maximum contribution is \$5,000 per year. *Expenses must be for dependents under the age of 13.*

## QUESTIONS

For more information about this or any other benefits, contact Human Resources at ext.6108.