

## Enroll in a Flexible Spending Account?

Do you have predictable healthcare or daycare expenses? If so, a flexible Spending Account or "FSA" can save you money. An FSA allows you to set aside pre-tax dollars to reimburse yourself for eligible out-of-pocket expenses. UMR administers this plan for the University. Gather a summary of this year's health and daycare expenses to help you plan next year's FSA.

Consider enrolling in Healthcare FSA if you have out-of-pocket medical expenses like orthodontia, prescription co-pays, or insurance co-pays/deductible/coinsurance. You would include your dependents' medical expenses in a Healthcare FSA.

Consider a separate Dependent Care FSA if you have daycare expenses for your children under age 13 or for your elderly parents you claim on your taxes. Both are a great way to reduce your taxable income. You should conservatively estimate how much you're going to spend on FSA eligible items, because any money not spent is forfeited (except that any remaining amount in your Healthcare FSA account from \$50 up to \$500 will roll over to the new year). But don't let "use it or lose it" scare you, some up-front planning could make the tax savings worthwhile.

The maximum amount you can put into a Healthcare FSA is \$2,550. The maximum for a Dependent Care FSA remains \$5,000 – but this amount is reduced to \$2,500 if you are married and file separate returns. You cannot transfer money between the two different FSAs, so make sure you enroll in the correct amount for each. You can elect one or both FSAs.

### Keep your Benny Card

New enrollees in a Healthcare FSA will receive a debit card (Benny Card) to use for qualified expenses. At the end of the year any remaining amount in your account from \$50 to \$500 will roll over. If you participated last year, money you have elected to go into the FSA plan for the new year will be loaded on the card previously issued to you. If you need a replacement card, call UMR at 1-888-438-6105. There is no Benny Card for daycare expenses, you must pay for these expenses up front and then file a claim for reimbursement. (A minimum amount of \$50 of health care FSA funds will carry over to the new plan year. Any unused funds below the minimum amount are subject to the "use-it-or lose-it" rule and therefore, will be forfeited after the filing deadline for the plan year.)

Always keep your receipts on FSA expenditures. Maintain them in your files the same as you do other tax records. Promptly send in documentation when requested by UMR. **Remember, this is a benefit that reduces your taxable income, so IRS rules have to be followed. Using your Benny Card doesn't mean paperless.**

**If you fail to send in the required documentation, UACCB must deduct those invalid FSA purchases from your paycheck and/or add them to your W-2 as taxable income.**

**2016 Fall Open Enrollment for 2017**

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