

FLEXIBLE SPENDING ACCOUNTS (FSAs) FAQs

Q: ARE THERE DIFFERENT TYPES OF FLEXIBLE SPENDING ACCOUNTS (FSAs)?

A: Yes. The three main types of FSAs are:

- ▶ A health care FSA for qualified medical, dental, vision, or other health care costs, including insurance deductibles, co-payments, and coinsurance.
- ▶ A dependent-care FSA for child, elder, or other dependent care.
- ▶ A limited-purpose FSA (LPPFA) for dental and vision expenses. This is an FSA usually for those who have a health savings account (HSA).

Q: WHO OWNS THE FSA?

A: The money is yours to use during the plan year. Ultimately your employer owns the account and any unused balances after the end of the plan year or a run-out period are forfeited back to your employer.

Q: DOES THE MONEY IN MY FSA EARN INTEREST?

A: No. The money is simply set aside tax-free to be used for qualified expenses.

Q: WHAT HAPPENS TO THE MONEY IN MY FSA IF I LEAVE MY JOB OR RETIRE?

A: There may be a run-out period when you can continue to submit expenses incurred before you left. Any balance after that is forfeited to your employer.

Q: HOW MUCH CAN BE CONTRIBUTED TO MY FSA?

A: While the IRS doesn't currently set minimum or maximum annual contributions for health care FSAs, your employers might. And in 2013, the IRS will set an annual contribution limit of \$2,500 for health care FSAs.

Unlike current health care FSA maximums, the maximum contribution to a dependent care FSA is set by the IRS. It's equal to the earned income of the employee (or spouse, if the spouse earns less) up to \$5,000 per family or \$2,500 for a married person filing separately.

Q: WHO CAN PUT MONEY IN MY FSA?

A: You and your employer, although employers rarely contribute to employees' FSAs.

Q: WHAT IS AN ELIGIBLE EXPENSE?

A: For a health care FSA, deductibles, coinsurance amounts, co-pays, and other expenses described in *IRS Publication 502—Medical and Dental Expenses* are eligible or qualified expenses. See www.irs.gov/publications/p502/index.html for a current complete list. Premiums for health and other insurance aren't eligible.

For a dependent care FSA, expenses must be incurred for the care of eligible members of your family. See the complete list in *IRS Publication 503—Child and Dependent Care Expenses* at www.irs.gov/publications/p503/index.html.

Contact your HR department for specifics of your plan.

Q: DOES THE MONEY IN MY FSA ROLL OVER FROM YEAR TO YEAR OR DO I LOSE IT AT THE END OF THE YEAR?

A: Unused funds don't roll over. There may be a run-out period when you can continue to submit expenses incurred during the plan year. Any balance after that is forfeited to your employer. Some plans offer a grace period that lets you both continue incurring expenses and submitting reimbursements after the end of the plan year. After that, any unused balance for the previous year goes back to your employer.

Q: DO PARTICIPANTS IN A DEPENDENT CARE FSA NEED TO REPORT ANYTHING ON THEIR INCOME TAXES?

A: Yes. They must identify all persons or organizations that provide care to their dependent(s) by filing *IRS Form 2441—Child and Dependent Care Expenses*, and submit it with Form 1040.

Q: WHO QUALIFIES AS AN ELIGIBLE DEPENDENT?

A: An eligible dependent is any dependent for which an employee pays a provider to care for him/her while they are at work. The dependent must be under the age of 13 or incapable of taking care of himself/herself, and live in the employee's home for more than half of the year.

Q: CAN I USE MY FSA FOR EYE GLASSES, CONTACTS, OR LASIK SURGERY?

A: Yes.

Q: ARE ORTHODONTICS CLAIMS ELIGIBLE?

A: Orthodontic services can be reimbursed as provided (i.e. monthly payments), or as payments are made as long as the payment is proximate to the actual services provided (i.e. you can't get reimbursement for last year's payments), or as a lump sum provided services beyond the current plan year aren't included.

If the entire treatment is paid in one payment, you can request reimbursement during the year the payment was made, even if the actual treatment will continue into the next plan year.

Q: WHAT DO I SUBMIT FOR AN ORTHODONTICS CLAIM?

A: Submit a copy of the contract specifying start date, length of treatment, and total cost.

Q: HOW OFTEN CAN I REQUEST REIMBURSEMENTS?

A: Reimbursements can be requested as often as a qualified expense is incurred during the plan year and before the end of the run-out period (or grace period if applicable).

Q: IS THERE A DEADLINE FOR SUBMITTING REQUESTS?

A: Plans typically include a time after the end of the plan year for reimbursements requests for expenses incurred during the plan year (known as a run-out period) or expenses incurred up to the end of the extension (known as a grace period). After that, unused dollars are forfeited. Consult your HR department for details.

Q: WHAT IS THE MAXIMUM REIMBURSEMENT FROM A HEALTH AND/OR DEPENDENT CARE FSA?

A: The entire health care FSA annual election amount may be available at any time throughout the plan year or on a pro-rated basis. Consult your HR department on the availability of funds.

The dependent care FSA balance accumulates throughout the year and is only available on a pro-rated basis.

Health and/or dependent care FSA balances are always reduced by any reimbursements made.

Q: CAN I USE MY FSA FOR MY CHILDREN'S MEDICAL EXPENSES, CO-PAYS, AND DEDUCTIBLES?

A: Yes. Your FSA can be used for the qualified medical expenses of any family member who qualifies as a dependent on your tax return.

Q: CAN I USE MY FSA FOR NON-MEDICAL EXPENSES?

A: No. Funds can only be used for qualified medical expenses or for dependent care as outlined in IRS Publications 502 and 503.

Q: MY DOMESTIC PARTNER IS COVERED ON MY INSURANCE PLAN. CAN I USE MY FSA FOR MY DOMESTIC PARTNER'S MEDICAL EXPENSES?

A: If your domestic partner meets the IRS qualifications of a tax dependent, you can use your FSA funds for his/her medical expenses.

Q: CAN I USE MY FSA TO PAY FOR VOLUNTARY COSMETIC SURGERY?

A: Your FSA can be used for cosmetic surgery *only* if prescribed by a physician as medically necessary.

Q: CAN I ACCESS MY FSA ONLINE?

A: Yes. You can see your account balance, claim transactions, request reimbursements, and manage your personal information by visiting www.myhealthequity.com or your specific member portal.

Q: HOW QUICKLY WILL I GET REIMBURSED?

A: Reimbursements are usually made within five to seven days of HealthEquity receiving a completed reimbursement request form and necessary documentation.

Q: HOW CAN I GET MY REIMBURSEMENT?

A: You can get your reimbursement by check or direct deposit.

Q: WHERE CAN I GET A REIMBURSEMENT FORM?

A: Reimbursement forms are available at www.myhealthequity.com or your specific member portal.

Q: HOW DO I CONTACT HEALTHEQUITY?

A: You can call HealthEquity Member Services 24/7/365 at 866.346.5800 or your dedicated service line.

HealthEquity is the nation's oldest and largest dedicated health savings trustee. It helps individuals and families build health savings while it helps employers spend less on benefits through innovative integrated health care account (HSA, HRA, FSA, VEBA) administration and investment platforms backed by 24/7/365 service, personalized savings strategies, and consumer education.