Leavitt Group

WEBBER ADVISORS

# Flexible Spending Accounts

## Offered through your employer & Administered by Webber Advisors

## How to Save Money without Spending a Dime

**Enroll now if you & your family members are spending money on:**

- Physician Services
- Insurance Deductibles
- Prescription Co-pays
- Contact Lenses & Supplies
- Dental Services
- Orthodontia
- Vision Expenses

With Flexible Spending Accounts, we can show you how to pay for these and other eligible expenses with pre-tax dollars and increase your take home pay.

### This Brochure will…

- Explain the health and dependent care spending accounts
- Provide an example of the tax savings
- Guide you through the steps to enroll in the plan and file claims
- Answer questions you may have after reviewing the material

### Tax Savings Example

| | **w/o FSA** | **w/ FSA** |
|---|---|---|
| Salary | $20,000 | $20,000 |
| Annual pre-tax election | 0 | -$2,000 |
| Taxable Income | $20,000 | $18,000 |
| Taxes withheld (25.45%)* | -$5,090 | -$4,581 |
| Annual after tax expenses | -$2,000 | 0 |
| Take home pay | $12,910 | $13,419 |
| **Increase in take home pay w/an FSA:** | | **$509** |

**Fed and state taxes at 17.8% & social security at 7.65%*

## HOW FLEXIBLE SPENDING ACCOUNTS WORK

1. Each year during the Open Enrollment period, you decide how much, if any, you want to contribute to the health and dependent care spending accounts. The maximum election for the Dependent Care Spending Account is $5,000 a year; or $2,500 if you are married and file separate tax returns. The most that you can contribute to your Health Flexible Spending Account in any plan year is $2,850 or the annual inflationary maximum contribution amount as determined by the Patient Protection and Affordable Care Act (PPACA) (**Please refer to your Plan Documents to see if your employer has a set maximum contribution established under the IRS annual allotted amount)*.
2. Each pay period, the money is deducted before taxes are withheld in equal increments from your pay and contributed to your healthcare and/or dependent care account(s).
3. When you have an eligible expense, submit a claim form to Webber Advisors for reimbursement a detailed receipt for healthcare expenses not covered by your medical or dental plan(s), and/or dependent care expense.
4. You will then be reimbursed for your eligible expenses up to the full amount you contribute to the health care spending account for the plan year. **You will only be reimbursed up to your account balance for the dependent care account.**
5. You have 90 days from the end of the plan year to submit claims incurred in the previous year to deplete your remaining balance.
6. Claims can be mailed, faxed, or e-mailed to Webber Advisors, please do not submit the same claim more than once.

Webber Advisors
Attn: Claims Department
PO Box 593
Hollidaysburg, PA 16648
(814) 317-1610 (fax)
Claims@WebberAdvisors.com (e-mail)

## POINTS TO REMEMBER

- **All monies left in the FSA account at the end of the plan year over $570 (or designated amount located in your Section 125 Plan Document) will be forfeited.**
- **Dependent Care Account** will have a 2 ½ grace period. All claims must be incurred by 3/15 of the following year and submitted to Webber Advisors by 3/31 to qualify for reimbursement from the previous plan year to deplete any remaining money. The $570 carryover option DOES NOT apply to the Dependent Care Account
- Claims must be incurred during the plan year in order to be eligible for reimbursement in that plan year. Up to $570 can be carried over to the next plan year.
- Monies from the healthcare account may not be applied to the dependent care account & vice versa.
- **IMPORTANT:** You may not change your health FSA election during the plan year unless you have a change in status. Examples of a change in status are: change in employee's legal marital status, change in the number of tax dependents due to birth, adoption, or death. All changes must be consistent with the change that you are requesting.
  Additionally, dependent care elections may be changed if your provider increases or decrease their fees during the plan year, if your child ceases to be eligible for day care expense deductions or if you change providers and there is a cost difference. You have 31 days from the date of your status change to elect a different reimbursement amount.
- Eligibility does not depend on enrollment in your company's health plan.
- Please do not mail and fax the same claims.
- Please include documentation with each claim for recurring exceptions or special claims.
- Employees utilizing the dependent care account must still submit Form 2441 with their federal tax return.
- If your spouse is enrolled in school, the maximum you may deduct is $2,400 for 1 child or $4,800 for 2 children for your dependent care account. If your spouse earns less than $5,000 a year, you can deduct up to the lower of your two incomes.
- Each year you will be given the opportunity to re-enroll during the annual Open Enrollment period to continue or change your elections.
- Refer to your Summary Plan Description for further information about the Plan.
- Claims must be incurred during the plan year. Only $570 will carry over to the following FSA Plan Year
- If you or your spouse is eligible for an HSA (Health Savings Account) plan you are not eligible to participant in an FSA plan

## QUESTIONS AND ANSWERS

**What records should I keep?**
You should keep copies of all materials sent to Webber Advisors

**How long do I have to send in claims?**
You have 90 days from the end of the plan year to file claims.

**Can I change my election?**
You may change your election each open enrollment or within 31 days of a IRS qualifying status change such as birth, divorce or marriage.

**What happens if I leave the company?**
You will have a period of time to submit your claims as outlined in your Summary Plan Description; however, your claims must be incurred before your termination. You may also elect COBRA for your healthcare account.

**Can I pay for my spouse's or dependent's unreimbursed medical expenses through my healthcare account if they are not on my health plan?**
Yes.

**Is a canceled check or credit card receipt a valid receipt?**
No.

**Will this plan affect my Social Security retirement benefit?**
Yes. It will slightly decrease your average earnings reported to the IRS; and, therefore, your retirement benefit. However, the current tax savings more than offsets this loss.

**What information should be sent in with my claim form?**
A detailed receipt with the date of service, provider information, name of patient, and the amount of the expense(s).

**Can I claim the Social Security taxes I pay for my daycare provider through my dependent care account?**
Yes.

**Can I pay a family member to care for my child?**
Yes, if the member is not a dependent on your federal tax return and over age 19.

**Should I use the FSA account or the Federal dependent care tax credit?**
Because tax law is rather complex on this issue and many variables come into play, it is advisable for you to talk to an accountant about what tax advantage is best in your situation.

**Do I have to report money I receive as a reimbursement from my healthcare account on my tax return?**
No. the money is free from federal, state &Social Security taxes and will not show up on your W-2 at the end of the year.

**Can I use my FSA to prepay for services not incurred?**
No

# TYPES OF FLEXIBLE SPENDING ACCOUNTS

This plan is a great way for you and your family to save money by reducing your taxable income. By enrolling in one or both of these accounts, you can pay for eligible, uninsured health and dependent care expenses with pre-tax dollars. The following is a brief description of the accounts available through your employer.

## HEALTHCARE SPENDING ACCOUNT

This account will reimburse you with pre-tax dollars for health care expenses not reimbursed under your family's health care plan(s).

➔ **HOW IT WORKS:**

The healthcare spending account can help you cover a variety of expenses that may not be reimbursed in full by other plans, such as medical and dental deductibles, amounts not covered by coinsurance, expenses in excess of medical or dental plan limits, and co-payments.

The general rule is that any medical expense that is deductible on your federal income tax return may be reimbursed through the healthcare spending account without regard to the 7.5 % Adjusted Gross Income rule.

➔ **ELIGIBLE EXPENSES INCLUDE:**

- Prescription drug copays $________
- Office visit copays $________
- Deductible & coinsurance $________
- Dental & orthodontia $________
- Eyeglasses & exams $________
- Contact lenses & solutions $________
- Chiropractic services $________
- Other $________

**TOTAL** **$________**

➔ **INELEGIBLE EXPENESES INCLUDE:**

- Expenses incurred for special treatment programs (e.g., health clubs, spas, and non-prescription weight-loss programs);
- Expenses for which you receive benefits from any medical, dental, vision, or other health care plan;
- Vitamin supplements (unless prescribed by a physician to treat an injury or illness);
- Most kinds of cosmetic surgery (unless medically necessary), hair transplants, electrolysis, and teeth whitening; and
- Group health insurance premiums sponsored through another employer.

## DEPENDENT CARE SPENDING ACCOUNT

This account will reimburse you with your pre-tax dollars for day-care expenses for your child(ren) and other qualifying dependents. You can contribute up to $5,000 a year or $2,500 if you are married and file separate tax returns.

➔ **HOW IT WORKS:**

You can use the dependent care spending account for:

- Before and after school Programs $________
- Nursery school or Preschool $________
- Summer camp (not over night) $________
- Care in a home or by a licensed provider $________

**TOTAL** **$________**

➔ **ELIGIBLE CHILDREN INCLUDE:**

1. Children under age 13 who qualify as dependents on your federal tax return; and
2. Children or other dependents of any age who are physically or mentally unable to care for themselves and who qualify as dependents on your federal tax return.

You may use both the federal childcare tax credit and the dependent care spending account; however, your federal credit will be offset by any amount deferred into the company's dependent care plan.

➔ **INELIGIBLE EXPENSES INCLUDE:**

- Child support payments;
- Food, clothing, and entertainment;
- Educational supplies and activity fees

**NOTE:** The Spending Accounts are voluntary. You may participate regardless of whether or not you are enrolled in a medical plan through your employer. For example, if you decline dependent coverage under the health plan, you can still claim expenses for your dependents through your healthcare spending account.

**Webber Advisors Claims Department**
**PO Box 593**
**Hollidaysburg, PA 16648**
**(800) 326-9850**
**(814) 317-1610 (fax)**

**Check your account balance and eligible expenses online:**
**internet @ https://WebberAdvisors.lh1ondemand.com**