

# Flexible Spending Accounts

**Offered through your employer &  
Administered by L.R.Webber Associates**

## How to Save Money without Spending a Dime

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

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

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**

	<u>w/o FSA</u>	<u>w/ FSA</u>
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
<b>Increase in take home pay w/an FSA:</b>		<b>\$509</b>

*\*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).
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 L.R.Webber Associates for reimbursement along with 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 elected for your health care spending account for the plan year. **You will only be reimbursed the amount contributed for any Dependent Care related expenses.**
5. Due to COVID provisions for those currently enrolled in the 2021 FSA/DCA Accounts(s) you will have an extended grace period. You will have until December 31, 2022 to incur expenses against your 2021 FSA/DCA Account(s). Anyone enrolling in the 2022 plan year will have a 2½ month grace period and will be able to incur expenses until March 15, 2023.
6. Claims can be mailed, faxed, or e-mailed to L.R.Webber Associates, but please do not submit the same claim more than once.

L.R.Webber Associates Claims Department  
 PO Box 593  
 Hollidaysburg, PA 16648  
 (814) 317-1610 (fax)  
[Claims@lrwebber.com](mailto:Claims@lrwebber.com) (e-mail)

## POINTS TO REMEMBER

- ➔ All monies left in the account at the end of the plan year and grace period will be forfeited.
- ➔ Claims must be incurred during the plan year and/or the grace period in order to be eligible for reimbursement in that plan year. You will have two and a half months following the calendar year plan in order to incur your claim for the prior plan year. This is known as the grace period. Example: Claims incurred on 1/31/22. Employee may choose to submit the claim to the 1/1/21-12/31/21 plan year or to the 1/1/22-12/31/22 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 or grace period

## QUESTIONS AND ANSWERS

**What records should I keep?**

You should keep copies of all receipts you submit to your FSA/DCA Account.

**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 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 reimbursed 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 day-care 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.