

It's time to enroll...

in your Flexible Spending Account!



Start saving today with UPA's Flexible Spending Account (FSA)!

- Unreimbursed FSA/FSA Medical
- Limited Purpose FSA
- Dependent Care
- Individual Dental and/or Vision Insurance Premiums

Want to get more out of your paycheck?

Of course you would!

Your employer is offering you the opportunity to take advantage of flexible spending account (FSA) to help you save money. The UPA FSA allows you to set aside some of your paycheck in a pre-tax account to pay for certain health and dependent care expenses. Pre-tax means you avoid paying up to 35% in taxes! (Social Security taxes, Medicare taxes, plus State and Federal Income taxes.)



The UPA FSA is sponsored by your employer and administered by Universal Plan Administrators.

Frequently Asked Questions

Q: Is the Section 125 Cafeteria Plan going to replace my group insurance benefits?

A: No way! In fact, your employer is improving your benefits by offering these choices.

Q: What if I am not covered or I do not have my dependents covered under my company's health insurance plan?

A: You and your family can still participate in the Health Flexible Spending Account (FSA) or Dependent Care Assistance Plan (DCAP) reimbursement account.

Q: Why should I participate in the health flexible spending account when I already have health insurance?

A: This account is used to pay for expenses that are not covered by insurance. For example, your insurance may not cover annual physicals, co-payments, eye exams, glasses, contacts, orthodontics, prescription drugs, or dental care, just to name a few. (See Eligible/Non-Eligible Expenses list.)

Q: What if I have a claim early in the plan year and do not have enough money in my account?

A: Your full annual election is available to you at the start of the plan year for your Health FSA. This is referred to as the "Uniform Coverage Rule." It gives you the ability to budget your medical expenses and spread them out over the entire year. Your elected payroll deductions will continue throughout the plan year to catch up on the expenses you have been advanced. For the DCAP account, you will be reimbursed as your deductions are deposited with your employer.

Q: How do I figure how much to put into my medical expense account?

A: Look at your receipts or check register for the last year or two to see what you typically spend annually on medical expenses for yourself and qualified family members. Or, think about what you expect to spend on medical expenses during your plan year.

Q: What is the maximum I can put into my account(s)?

A: The maximum for each type of account is:

- FSA Medical or Limited Purpose FSA: \$3,200.00*
*Please see FSA info sheet for the max amount your employer allows
- Dependent Care: \$5,000 per plan year and calendar year for the head of household or married filing joint tax return; \$2,500 per plan year and calendar year for married filing separate tax returns

Q: If I set aside pre-tax money in a spending account, why would I lose the money if I don't spend it?

A: This is an IRS guideline, not ours or your employer's. If your plan does not include the Carryover provision or Grace Period you will forfeit any unspent funds. There is a 90-day run-out period from the end of the plan year to submit claims incurred during the plan year.

Q: What is proof of payment/required documentation?

A: This would be a copy of your itemized statement, receipt or explanation of benefits (EOB), which should include Patient's Name, Date Service was Incurred, Provider's Name, the amount owed by Patient, and a Brief Description of the Service. Please note that payment receipts do not include all of the IRS required information.

Q: Can I change my contributions during the year?

A: Only if you have a change of status, such as marriage, divorce, birth, adoption, or a change in your or your spouse's employment status.

What you need to know



What if you leave your job?

Only claims for expenses incurred up through your last day of employment are eligible for reimbursement. You will have until the end of the terminated employee runout period to submit these claims for reimbursement. If you have a mySourceCard debit card, it will be turned off upon your separation of employment.

There are many advantages to having an FSA, but there are issues you need to know about.

INCOME TAX MAY BE AFFECTED

When you use FSA dollars to pay an expense, you cannot make an itemized deduction on your 1040.

HEALTH AND DEPENDENT CARE ARE SEPARATE

You cannot shift money between health and dependent care accounts.

SOCIAL SECURITY MAY BE AFFECTED

With an FSA, you pay less Social Security tax. This may reduce Social Security, disability and retirement benefits. We recommend you discuss this with your tax advisor. Reimbursable services must be provided during the FSA plan year and during your period of coverage.

PLAN WITH CARE

- Carefully consider where you plan to spend each FSA dollar since unused dollars at the end of the plan year are not refundable. *See if your employer offers Carry Over or a Grace Period.
- Expenses are treated as having been incurred when the services are provided and not when you are formally billed, charged, or pay for the expense.
- Health FSA- You can use the Health FSA for incurred expenses up to the amount of your total annual contribution any time during the FSA plan year.

Dependent Care Reimbursement (DCAP)

A DCAP plan is an employer-sponsored benefit that helps employees pay for the care of a qualified dependent. Each pay period, the employee makes a pre-tax contribution to the DCAP account. After paying for care and filing a claim, the employee receives reimbursement from the DCAP.

Qualified Dependents:

- A dependent who is 12 year old or younger (& lives with the employee)
- A spouse or other IRS-recognized dependent who is physically or mentally unable to provide self-care

Use Your DCAP to Pay for the Following:

- Daycare/Pre-school/Pre-kindergarten
- Before- and After- school care (Extended day)
- Summer day camps (overnight camp does not qualify)
- Adult/Elderly care programs
- Babysitting during work and/or college hours
- Sick child care
- Deposits for child care

It's Time to Enroll in Flex Benefits

Flexible Spending Accounts (FSA) are a great way to save taxes on money you spend for medical and dependent care expenses. That's because you do not pay income tax or Social Security tax on your election amount (the money you set aside). A Health FSA account is used for medical expenses, and a DCAP account is used for child care expenses.

HEALTH FSA

In a Health FSA account, you can put aside funds (up to a mandated maximum per year) to pay for unreimbursed medical, dental, and vision expenses (that is, bills that are not paid by any insurance). This money is deducted from your pay before Federal and State withholding and FICA taxes are calculated.

To access your FSA funds to pay medical expenses, just use your mySourceCard Mastercard debit card to pay the bill (if your employer offers the card), or file a manual claim for reimbursement by fax, email, postal mail, or online at myRSC.com. Reimbursements will be made either by check or direct deposit, whatever option your employer allows.

Annual Contribution Limits

- \$5,000 for employees filing single/head of household or married joint
- \$2,500 for employees filing married separate

Q: Can expenses be reimbursed from my DCAP at the beginning of the month for care that will be provided during that month?

A: No, regulations require that claims can only be reimbursed when a service has actually been incurred. So, even though a participant pays for dependent care at the beginning of the month, until the care has actually been provided, the participant is not entitled to the reimbursement.

Q: Can I participate in DCAP and also claim the dependent care tax credit?

A: There is no 'double dipping'. If you are using a DCAP you may not also elect the tax credit on the same money. Please consult with your accountant or flex administrator for further review.

Employee Savings!

FSA Medical

- Office Copay's
- Deductibles
- Co-Insurance
- Prescription Drugs
- Eyeglasses & Contacts
- Contact Solution & Cases
- Braces & Dental Care
- Diabetes Testing Supplies
- Blood Pressure Monitors
- Band-Aids
- Sunscreen

Savings Example

\$5,000 Dependent day care

\$1,000 Orthodontics

\$500 co-pays for prescriptions

\$1,000 Health Ins. Deductibles

\$7,500 TOTAL

@ 30% Tax Bracket - \$2,250 Savings

@ 40% Tax Bracket - \$3,000 Savings

