

# Flexible Spending Accounts

A CBIZ Flex plan is a “win-win” for employees. Employees save all federal income tax, state income tax, and FICA on their contributions.

## EMPLOYEE TAX SAVINGS EXAMPLE

Here is how contributing to a Flexible Spending Account (FSA) could affect an employee’s paycheck and save taxes. In this example, we have an employee earning \$30,000 per year and contributing \$2,500 annually to a Flex plan for medical and dependent care.

	WITHOUT FSA	WITH FSA
Annual Salary	\$30,000	\$30,000
Annual FSA Election		\$2,500
Taxable Income	\$30,000	\$27,500
<i>Estimated Taxes Combined - Federal, State &amp; FICA (30%)</i>	\$9,000	\$8,250
After-Tax Income	\$21,000	\$19,250
Non-Taxable Flex Reimbursement	\$0	\$2,500
Net “Spendable” Income	\$21,000	\$21,750
Annual Tax Savings	\$0	\$750

## HELPFUL TIPS AND INFORMATION FOR FSA BENEFITS

- Claims are processed and reimbursed weekly. You are able to view your account anytime at [myplans.cbiz.com](https://myplans.cbiz.com).
- A receipt for reimbursement requires the following 4 items:
  - Item purchased or type of service provided
  - Date of service
  - Provider information
  - Participant responsibility
- Credit or debit card receipts and cancelled checks are not acceptable receipts under IRS guidelines.
- Items that are cosmetic in nature are not reimbursable under FSA.
- Dual-purpose procedures/items may be claimed for reimbursement if a qualified letter of medical necessity accompanies the claim. A qualified letter must contain the specific item being claimed or what is being treated. The letter is placed on file for one year and will need to be updated annually.
- To ensure timely processing of claims, keep the following in mind:
  - A receipt must accompany a claim
  - Credit or debit card receipts are not acceptable
  - The original date of service must be on the receipt
  - The type of service must be on the receipt

### FREQUENTLY ASKED QUESTIONS

#### What is an FSA?

An FSA allows employees to pay for certain qualified expenses with pretax dollars, saving employees on federal income tax, state income tax, and FICA.

#### What expenses are eligible through FSAs?

- Medical deductibles, dental deductibles, and the participant share of co-payments
- Physical examinations, chiropractic expenses, and orthodontics
- Vision expenses not fully paid by any vision plan
- Prescription drugs and insulin not paid by the medical plan

#### What are some examples of expenses that are not covered?

- Expenditures that are merely beneficial to the general health of the person
- Amounts compensated for by insurance, government agency, or workers' compensation
- Cosmetic surgery, other than that needed to improve congenital abnormality, personal injury, or disfiguring disease

#### What happens if I do not use all of the money that I set aside each plan year?

Depending on your plan design, you may have the option to carry over part of your remaining balance or use funds for a limited period the following year. Check your Summary Plan Description to understand how your plan works. With all plan designs, there is a risk that unused funds will be forfeited to the plan. Keep this in mind when making your election and check your remaining balance anytime online at [myplans.cbiz.com](https://myplans.cbiz.com) or through the *My Plans by CBIZ* mobile app.

#### Once I make an election, can I change that amount during the plan year?

No, not unless you have a change of status during the year. The change in status must be consistent with the change in election you wish to make. Examples of status changes include marriage, divorce, change in the number of dependents, change in employment, etc.

#### Do I have to submit receipts with my reimbursement request?

Yes, you must submit a statement from the provider which includes the date of service (not the payment date), the type of service, the provider's name, and the amount being claimed. An insurance company's explanation of benefits is also an acceptable receipt. Cancelled checks or credit/debit card receipts are not acceptable proof of service.

#### Can I use my account to pay for health and dental expenses incurred last year that were not covered by the plan?

No, only expenses that are incurred during the plan year can be covered by the account. Expenses are incurred at the time the service is provided, not the time of payment.

#### Which expenses can I pay through my account?

Any approved medical expenses that are not reimbursed under your insurance coverage.

#### Can I also deduct these medical expenses on my income tax return?

No, you cannot deduct these expenses on your income tax return and also pay for them through your FSA.

## CBIZ FLEXIBLE BENEFITS

### **My insurance company paid for half of my bill. Can I withdraw the full amount of the bill from this account?**

No, any expenses that have already been paid for by insurance cannot also be withdrawn from your FSA. However, you may use your FSA for the remaining balance after insurance.

### **Why would I want to pay these expenses under the company's FSA plan?**

To save taxes that you currently spend on these expenses and to have more 'spendable' income available.

### **Do I have to pay these taxes back at some future time?**

No, the taxes you save under this program never have to be paid.

### **Does participating in this plan affect the filing of my income tax return at year end?**

No, your tax savings are adjusted on your Form W-2 and there is no extra work filing your income tax returns.

### **If I'm not covered under the company's health insurance plan, may I still participate in the FSA Plan?**

Yes, it does not matter where you are covered for health insurance. You may pay for any medical expenses not paid by group insurance for any family member under this plan.

### **How do I receive the pretax money that has been withheld from my paycheck?**

You can either file a claim online at [myplans.cbiz.com](https://myplans.cbiz.com), file a claim through the *My Plans by CBIZ* mobile app, or fax in your itemized bill and receipt.

### **How do I keep track of my contributions and the amounts that I have been reimbursed as the year goes on?**

Participants will have access to view all plan information anytime at [myplans.cbiz.com](https://myplans.cbiz.com).

### **What happens if I quit or am terminated from the company?**

You may be able to continue to submit claims up to your termination date for reimbursement.

### **Will my spouse have access to my account?**

You as the participant will need to give us written permission to speak to your spouse about your account. We will accept an email or a fax that states "You have permission to speak to my spouse, [spouse's name], about my account."