



Decrease Your Taxes while Increasing Healthcare Benefits

When you participate in a Flexible Spending Account (FSA), you save money both in taxes and health care costs that are not covered under your medical plan. Plus, FSAs also enable you to use tax-free dollars for dependent care too! How? Through the IRS Section 125 tax code, employers can allow employees to allocate pre-tax earnings to specific saving accounts that reduces FICA tax.

Thanks to your employer, you now have the opportunity to enroll in a FSA account!

The chart below illustrates a simple **example** of how an FSA can save you money per \$2,000 worth of income:

Without an FSA Account		With an FSA Account	
\$2,000	Gross Monthly Income	\$2,000	Gross Monthly Income
-500	Taxes*	-200	FSA Deposit
= 1,500	Take Home Pay	= 1,800	Adjusted Gross Income
-200	Out of Pocket Medical	-450	Taxes*
\$1,300	Monthly Income	\$1,350	Monthly Income



\$50 in Taxes SAVED per \$2,000 of income!

**Assumes 25% in Taxes for example*

As you can see, FSAs could save you hundreds, even thousands of dollars a year! By paying healthcare and/or dependent care expenses not covered by insurance plans with tax-saving dollars, you can essentially reduce your out-of-pocket costs. Best of all, it does not cost anything to participate.

How It Works

During your open enrollment period, just sign on to Vbas and follow the simple walk through enrollment steps. Decide how much money to set aside from each paycheck to reach a total amount over the course of the year (For example, \$50 per pay period over 24 pay periods allocates \$1200 to your FSA for one year). Ask your employer what the maximum amount is.

IMPORTANT: Dollars unused are not refundable or transferable to the next calendar year as stated by Federal Law. Plus, contributions can only be increased or decreased if one of the 13 IRS qualifying events occurs. Ask your employer for more information.

Once you have an expense occur covered by FSA regulations (See back for details), reimbursement is simple. After submitting a form with proper proof of transaction, a check is cut directly to you. For Health Care FSA, if the expense exceeds the amount saved to date, that's okay. Just as long as your total yearly savings covers the expense, you can receive advanced reimbursement. For Dependent Care FSA, your expenses cannot exceed the current year-to-date amounts withheld.



Expense List of FSA's

Flexible Spending Accounts provide a cost shelter to pay for "medically necessary" and dependent needs with pre-tax dollars. The following are medical expenses. This is not an inclusive list. Ask your employer or see IRS Publication 502.

Most Common Reimbursable Expenses

Abortion	Iron Lung
Acupuncture	In Vitro Fertilization
Alcohol Rehabilitation	Laboratory Fees
Ambulance	Lip-reading lessons
Artificial Insemination	Lodging for medical care
Birth Control Pills	Medical Information plan
Braces	Mentally Disabled, special home
Chiropractor	Nursing care
Coinurance	Nursing home
Contact Lenses & Cleaning Solutions	Orthodontist
Co Pays	Oxygen
Crutches	Physical Therapy
Deductibles	Physician
Dentist	Podiatrist
Diathermy	Psychologist
Drug Rehabilitation	Routine Physical Examination
Eye Exam	Surgery & Related Expenses
Eye Glasses	Television for Deaf (closed captioning)
Guide dog	Transportation (related to illness)
Hearing Devices & Batteries	Tubal Ligation
Hospital Services	Vasectomy
Insulin	X-rays

Health Care Reform Impacts Over The Counter Drugs (OTC)

Individuals participating in a flexible spending account (FSA), health reimbursement arrangements (HRA) or health savings account (HSA) are no longer able to use tax-advantage money for the reimbursement of over-the-counter medications that are **not** prescribed by a doctor. **This does not affect insulin, even if purchased without a prescription** or other health care expenses such as medical devices, eye glasses, contact lenses, co-pays and deductibles.

All over the counter medicines and or drugs purchased must be accompanied by a prescription from a physician for reimbursement.

Prescription Definition

According to the IRS, "a prescription means a written or electronic order for a medicine or drug that meets the legal requirements of a prescription in the state in which the medical expense is incurred and that is issued by an individual who is legally authorized to issue a prescription in that state."

Questions?

Please contact BRMS customer support at **1-866-755-6651**

Eligible Dependent Care Expenses

An eligible dependent is any dependent who is less than 13 years old and your dependent under federal income tax rules. An eligible dependent may also include your mentally or physically impaired spouse or a dependent who is incapable of caring for himself or herself (for example, an invalid parent). The dependent must spend at least eight hours per day in your home.

Child care services will qualify for reimbursement from the Dependent Care Reimbursement Account if they meet these requirements:

- The child must be under 13 years old and must be your dependent under federal tax rules. Note: If your child turns 13 during the plan year, you must stop your contribution at that time.
- The services may be provided inside or outside your home, but not by someone who is your minor child or dependent for income tax purposes (for example, an older child).
- If the services are provided by a day-care facility that cares for six or more children at the same time, it must be a qualified day-care center.
- The service must be incurred to enable you, or you and your spouse if you are married, to be employed.
- The amount to be reimbursed must not be greater than your spouse's income or one-half your income, whichever is lower.
- Services must be for the physical care of the child, not for education, meals, etc. Kindergarten expenses must separate out the cost of custodial care from education to reimburse.

Allowable Dependent Care expenses include payments to the following when the expenses enable you to work:

- Child care centers
- Family day care providers
- Baby-sitters
- Nursery schools
- Caregivers for a disabled dependent or spouse who live with you
- Household services, provided that a portion for these expenses are for a qualifying dependent incurred to ensure the dependent's well-being maintenance

Ineligible Dependent Care Expenses

- Dependent care expenses that are provided to one of your dependents by a family member, unless the family member is age 19 or over by the end of the year and will not be claimed as a dependent
- Expenses for food and clothing
- Education expenses from Kindergarten on
- Overnight camps
- Transportation

Ask your employer for complete details