

## **Flexible Spending Accounts**

A Flexible Spending Account (FSA) allows employees to set aside a portion of their wages in order to pay for certain types of expenses. There are two parts to our FSA plan 1) health care and 2) dependant care (daycare). This plan allows you to pay for certain medical and daycare expenses with pre-tax dollars. Therefore, you don't pay any FICA, Medicare, Federal or State withholding on the amount you contribute to your account. The amount you also contribute is also not included on your W-2 wages. It works by you estimating how much you expect your out of pocket health care or daycare expenses to be. The amount you decide to contribute is deducted out of your gross wages evenly each pay period.

Eligible health expenses include annual deductibles, co-payments, medical and dental expenses not reimbursed by any plan, eye exams, glasses, contacts and solutions, prescriptions and many over-the-counter medications for anyone in your family. You do not need to be enrolled in our health insurance to participate in the FSA plan. The other benefit of the flexible health plan is that your entire elected annual contribution goal is available upon your enrollment in the Health Care FSA plan, even before you have made all of your payroll contributions to meet your elected goal amount. You must also remember to use all of your contributions each plan year as no contribution amount may be carried over to subsequent plan years. However, the IRS has allowed a grace period of 90 days after the plan year end to spend the money. The Diocese of Boise has adopted the grace period allowance for our plans so you have until March 15<sup>th</sup> to actually spend your funds. The maximum amount you can contribute into our health care plan each year is \$3,000.

The dependant care FSA is designed to reimburse for expenses incurred to care for your eligible dependents. Examples of eligible expenses are daycare, after school care and elder care. The maximum amount you can contribute into a dependant care each year is FSA is \$5,000. The dependent care FSA does not allow you to receive the money until it has been deposited into your account, the daycare has been paid, and the daycare has been provided.

Open Enrollment for the FSA occurs annually. Mid-year changes to your FSA elections may only be made if you have experienced a qualified life status change.