



**Flexible Spending
INSURANCE BENEFIT
GUIDE**

*Issued from the Human
Resources Office November 2025*

WELCOME TO YOUR BENEFITS!

This is a benefit summary only and may not outline all of your benefits. When you enroll, you will receive a summary plan description or certificate of coverage. This booklet does not replace, supplement or change any of the individual benefit product summary plan descriptions or certificates of coverage and should not be used in determining actual benefits available. Remember this is a summary only and the legal plan documents determine actual benefits. Please be aware that if there are differences between the statements in this booklet and actual legal plan documents or laws, the legal course will prevail. Contact the insurance carrier for more information and answers to specific questions, or see your Human Resource Office for a copy of the plan document before making a decision.

This booklet provides an overview of the following insurance benefits:

- Flexible Spending Accounts (FSA)

MEDSURETY is the Plan Administrator for the above insurance benefits. For questions concerning enrollment, eligibility or ID cards (if applicable) please contact MEDSURETY at the number listed below.

MEDSURETY - member service line - (952) 303-5700

You may also contact your employer's benefits representative.

Emily Grote, Benefits Lead

Phone: (507) 663-0627

Email: egrote@northfieldschools.org

To verify coverage or for questions concerning how a specific claim will be paid, please consult the applicable insurance carrier or plan document of the coverage in question. Neither MEDSURETY nor your employer can quote benefits for reasons involving accuracy and confidentiality. When in doubt, contact MEDSURETY and you will be directed to the appropriate resource.

Plan Details

Administrator:	MEDSURETY Toll Free Phone: (888) 816-4234 Website: www.MEDSURETY.com
Policy or Anniversary Date:	January 01
Employee Eligibility:	You are eligible to join the plan as of your day of employment
Waiting Period for Enrollment: <i>(Time employee must wait before being eligible to enroll)</i>	First day coinciding with or following the date you met the eligibility requirements
Initial Enrollment Period: <i>(Time frame after the waiting period during which employee must enroll)</i>	30 days
Coverage Termination Date upon loss of Eligibility:	Date of termination
Maximum <u>Annual</u> Health FSA Election:	\$3,400
Maximum <u>Annual</u> Dependent Care FSA Election:	\$7,500 (\$3,750 if married but filing separately)
Pre-Tax Premiums Account: <i>(For health care and dental insurance premiums)</i>	Premiums for Employer sponsored insurance plan are automatically withdrawn from your paycheck on a pre-tax basis.
Flex Run-Out Period: <i>(This is the number of days after the end of the plan year you have to file a claim that was incurred within the plan year)</i>	90 days
Claims Grace Period: <i>(This is the time period after the end of the plan year during which you may incur claims. Claims incurred during this time period must be submitted for reimbursement before the end of the Flex Run-Out Period)</i>	2 ½ months after the end of the plan year

Flexible Spending Account — Real Savings. Real Simple.



Using a Flexible Spending Account (FSA) is a great way to stretch your benefit dollars. You use before-tax dollars in your FSA to reimburse yourself for eligible out-of-pocket medical and dependent care expenses. That means you can enjoy tax savings and increased take-home pay—all with the convenience of a prepaid benefits card. Plus you may be able to rollover up to \$640 from one year to the next, reducing your risk of losing dollars at the end of the plan year.

WHAT IS AN FSA?

With an FSA, you elect to have your annual contribution deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified. The amount of your pay that goes into an FSA will not count as taxable income, so you will have immediate tax savings. FSA dollars can be used during the plan year to pay for qualified expenses and services.

- A Healthcare FSA allows reimbursement of qualifying out-of-pocket medical, dental and vision expenses.
- A Limited Purpose Medical FSA works with a qualified high deductible health plan (HDHP) and Health Savings Account (HSA). A limited FSA only allows reimbursement for dental and vision expenses.
- A Dependent Care FSA allows reimbursement of dependent care expenses, (such as daycare) incurred by eligible dependents.

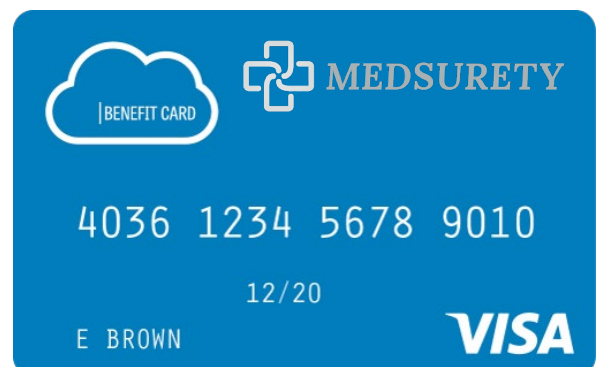
With all FSA account types, you'll receive access to a secure, easy-to-use web portal where you can track your account balance, view your claims history and submit requests for reimbursements.

In addition, you'll receive a convenient **prepaid benefits card** to make it easy to pay for eligible services and products not covered by your health insurance. When you use the card, payments are automatically withdrawn from your account. Just swipe the card and go. Most expenses can be validated through the card transaction but you may be prompted to provide a copy of the receipt for certain transactions in accordance to IRS regulations. When required, receipts can be easily sent uploaded to either the consumer portal online or, through the mobile app.

WITH AN FSA YOU CAN:

An FSA is a great way to pay for expenses with pre-tax dollars.

- **Enjoy significant tax savings** with pre-tax deductible contributions and tax-free reimbursements for qualified plan expenses
- **Quickly and easily access funds** using the prepaid benefits card at point of sale, or request to have funds directly deposited to your bank account via online or mobile app
- **Reduce filing hassles and paperwork** by using your prepaid benefits card
- **Enjoy secure access** to accounts using a convenient Consumer Portal available 24/7/365
- **Manage your FSA "on the go"** with an easy-to-use mobile app
- **File claims easily online** (when required) and let the system determine approval based on eligibility and availability of funds
- **Stay up to date on balances** and action required with automated email alert and convenient portal and mobile home page messages
- **Get one-click answers** to benefits questions
- **Use the Mobile App Bar Code Scanner** to determine which over the counter items are eligible, ineligible, or if a Letter of Medical Necessity is needed to be eligible.



Flexible Spending Account — Real Savings. Real Simple.

IS AN FSA RIGHT FOR ME?

An FSA is a great way to pay for expenses with pre-tax dollars.

A Healthcare FSA could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance, or deductibles for health, prescription, dental or vision plans
- Have a health condition that requires the purchase of prescription medications on an ongoing basis
- Wear glasses or contact lenses or are planning LASIK surgery
- Need orthodontia care, such as braces, or have dental expenses not covered by your insurance

A Dependent Care FSA provides pre-tax reimbursement of out-of-pocket expenses related to dependent care. This benefit may make sense if you (and your spouse, if married) are working or in school, and:

- Your dependent children under age 13 attend daycare, after-school care or summer day camp
- You provide care for a person of any age whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself

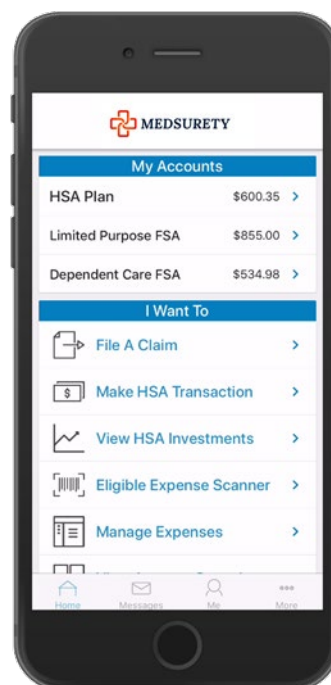
PLAN AHEAD

Before you enroll, you must first decide how much you want to contribute to your account(s). You will want to spend some time estimating your anticipated eligible medical, dental, vision and dependent care expenses for the upcoming plan year.

The funds in your FSA plan are "use-it-or-lose-it" if your plan design does not have Grace Period or Roll Over options.

Throughout the year, you'll likely find yourself with expenses for yourself and your family that insurance won't cover. By taking advantage of an FSA, you can actually reduce your taxable income and reduce your out-of-pocket expenses when you use your FSA to pay for the things you'd purchase anyway.

*The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account; your annual earnings; whether or not you pay Social Security taxes; the number of exemptions and deductions you claim on your tax return; your tax bracket and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.



Above: With the convenience of a mobile device, you can see your available balance anywhere, anytime as well as file claims and upload receipts.



Commonly Asked Questions

What is an FSA?

The FSA benefit is a plan that allows you to pay for certain unreimbursed expenses prior to income tax calculations.

What is the advantage of participating in an FSA?

By contributing to the plan you reduce your Federal and State income taxes as well as your FICA or Social Security Taxes. These tax savings mean additional disposable income for you from each of your paychecks.

How are the rules for FSA's determined?

The IRS determines the rules and regulations for FSA's. All FSA's must meet one of the following IRS Code Sections: 125 (Pre-Tax Premiums), 105 (Health FSA), 129 (Dependent Care FSA).

When can I enroll?

You can enroll during your initial enrollment period. You can also enroll during your company's annual open enrollment period, which is typically during the 1-2 months prior to your employer's Plan Year Anniversary Date (you will be notified with exact dates). **Elections are irrevocable**; the ONLY other opportunity you may have to make or change an election is if you experience a Family Status Change.

What is a Family Status Change?

Under the federal government a "change in status" allows you to change your elections during the plan year if the change is due to and consistent with any of the following events:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a spouse or child
- Commencement or termination of you or your spouse's benefit eligibility
- *A significant change in you or your spouse's healthcare coverage due to your spouse's employer *(applies only to your Pre-tax premium deductions)
- Taking an unpaid leave of absence by you or your spouse
- Dependent satisfies or ceases to satisfy dependent eligibility requirements

Status changes can be done by contacting Emily Grote at egrote@northfieldschools.org. When you have a Status Change and wish to make election changes, you MUST return the Status Change form within 30 days of the occurrence of the change in status.

To which of the plans does the Family Status Change rule apply?

The Family Status Change rule applies to the pre-tax plans including but not limited to; *Pre-tax premium deductions, Health FSA and Dependent Care FSA.

Will participating in a pre-tax plan reduce my future Social Security retirement benefits?

Converting pay to a Flexible Spending program may have an effect on the benefits you and your family will receive from Social Security. The formula used in determining your Social Security benefit takes into account your W-2 wages, which are lowered by your pre-tax elections. However, for most people the reduction is minimal, particularly when compared to the tax savings they enjoy through participation in the plan.

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Commonly Asked Questions continued

What are the steps for employee participation in the plan?

1. Once you have made an election, pre-tax payroll deductions will be taken from your paycheck evenly divided by the number of payrolls in a year (or remaining in the year) and applied to the account(s) in which you have chosen to participate. Accounting is maintained separately for each account.
2. You incur an expense (example: you have an office visit co-pay).
3. You submit a claim for the expense by completing a "Request for Reimbursement" claim form and supplying the appropriate documentation to OneDigital.
4. Your claim is verified for eligibility by OneDigital staff according to the IRS regulations.
5. If your claim is denied for any reason, a copy of your claim form and directions as to what is needed or an explanation of denial (i.e. duplicate claim) is sent to you.
6. OneDigital reimburses you according to your employer's reimbursement schedule (see your employer's reimbursement schedule located in this section).

When is a Doctor's Statement Form required?

On occasion, a claim may require further information via a Doctor's Statement Form. Your OneDigital administrator will notify you if this is required. Some examples of expenses which require a Doctor's Statement Form are:

- ⌚ Services that are not covered by insurance but are medically necessary for you.
- ⌚ Over-the-counter supplements and vitamins.
- ⌚ Items that are considered dual purpose.

The Doctor's Statement Form must indicate the specific medical condition, the specific treatment needed and how this treatment will alleviate the medical condition. You may obtain this form by contacting MEDSURETY directly.

When must a claim be incurred in order to be eligible?

All claims must be incurred during the plan year or during the subsequent Claims Grace Period if applicable as determined by your employer. Claims incurred outside of the plan year or outside of the Claims Grace Period, before your enrollment date, or after your participation terminates, will not be reimbursed.

If I submit a claim during the Grace Period, does OneDigital determine which expenses are paid from the old plan year and which expenses are paid from the new plan year?

No. OneDigital will process claims as they are received. It is important for you to submit all expenses you wish to have reimbursed from your prior year's account balance before you submit new plan year expenses. OneDigital will NOT be able to reprocess claims. For example: You submit an expense incurred during the grace period and this claim reimburses all remaining prior year funds. At a later date you submit an expense incurred prior to the grace period. This claim will be denied because no funds remain in your prior year's account.

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Commonly Asked Questions continued

Is there an alternative way to be reimbursed?

Yes, the debit card is an alternative to traditional reimbursement methods.

While it does not completely eliminate reimbursement claim forms, it can significantly reduce them.

- *When used for expenses such as office visit and prescription co pays, which make up **55%** of all claims, a claim form will not be required. You may be asked to provide documentation of the expense, if the expense cannot be auto-adjudicated.*

Simply swipe your card at an eligible location such as pharmacies, physician or dental offices and the funds are directly withdrawn from your pre-tax Flexible Spending Account and auto-adjudicated – eliminating all out of pocket expenses and reimbursement waiting periods.

OneDigital may request documentation for claims paid using the debit card that cannot be auto-adjudicated. OneDigital will request that you submit documentation to support your purchase via email. You then submit your receipt and a copy of the email to OneDigital and your claim will be processed without your completing a traditional reimbursement claim form.

If you do not submit the required documentation, your debit card will be deactivated and the expense paid using the debit card will be deducted from your paycheck. ***It is important that you retain documentation for ALL claims, regardless of the reimbursement method.***

Where can I use my Debit Card?

The IRS now requires that the Debit Card can only be used at health care providers who have a health care-related merchant category code (such as physicians, dentists, vision care offices, hospitals, and other medical care providers) or at grocery stores, discount stores and pharmacies who utilize an Inventory Information Approval System (IIAS).

You may **not** use the Debit Card at any merchant, including pharmacies, that does not have a health care related merchant category code unless that merchant or pharmacy utilizes an IIAS.

- When utilizing an IIAS, the Debit Card may be used to purchase only those items identified on a list of eligible medical expenses maintained by the merchant.
- When purchasing eligible health care-related items AND ineligible non-health care-related items, the merchant will only accept the Debit Card as payment for the health care-related items. You must pay for the ineligible items with another form of payment (cash, personal credit or debit card, etc).
- In rare circumstances, purchases made at merchants utilizing an IIAS may fail to process appropriately. In those cases, you will be required to submit substantiating documentation as described below. You must maintain proper documentation for purchases made with your Debit Card.

Please remember to keep documentation for all purchases made with the Debit Card. Per IRS regulations, we may be required to request itemized receipts to verify the eligibility of purchases made with the card.

- Valid documentation of a purchase must include the dollar amount, date of service, name of provider, and a description of the purchased service or product. For over-the-counter health care items, the name of the product must be listed on the receipt.
- Any receipt that does not contain the detailed information described above is not acceptable. Credit card receipts are not acceptable.
- If the requested receipt is lost or otherwise unavailable, most providers can provide a detailed statement documenting FSA eligible purchases.

Important point to remember: You cannot use your Debit Card at stores that do not participate in IIAS, even if you have used your Debit Card at these stores before. (Your transaction will be declined.)

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Plan Specific Commonly Asked Questions

PRE-TAX PREMIUMS

~Allows you to pay health and dental premiums on a pre-tax basis.

How are my premiums taken out of my paycheck?

Your employer will automatically take your health and dental premium contribution(s) out of your check on a pre-tax basis unless you notify them otherwise.

HEALTH FSA

~Allows you to fund your un-reimbursed health, dental & optical expenses on a pre-tax basis.

When is my Health FSA election available to me for reimbursement?

Your entire annual election is available to you on the first day of the plan year or on your first day of participation.

If I participate in Health FSA will those expenses still be eligible for credit on my personal tax return?

By participating in the Health FSA and Pre-Tax portion of the plan, you are already receiving the tax savings on these expenses and are unable to claim them again on your tax return. Participation in a Flexible Benefit Plan may affect your Earned Income Credit amount.

DEPENDENT CARE FSA

~Allows you to fund your un-reimbursed dependent care expenses on a pre-tax basis.

When is my Dependent Care FSA election available to me for reimbursement?

You can only be reimbursed for money, which you have already contributed to your account. Since your annual election is divided and deducted evenly over the number of payrolls in a year (or remaining in the year) it is likely that you may not have contributed an amount equal to your Dependent Care claim. When this happens, OneDigital will reimburse you up to the amount contributed, pending the remaining amount until you have made further contributions. The remainder of the claim, up to the deposited amount, will be paid out automatically until the entire claimed amount has been reimbursed.

How does participating in Dependent Care FSA affect my ability to claim these expenses on my personal tax return?

You may use a combination of Dependent Care FSA and the Federal Child Care Tax Credit, but you are limited by the maximum as defined under the Federal Child Care Tax Credit. Participation in a Flexible Benefit Plan may affect your Earned Income Credit amount.

FLEXIBLE SPENDING ACCOUNTS

Eligible Health FSA Expenses

The Health FSA covers a variety of health care services that may not be included in certain health and dental insurance plans. These expenses can be paid, with pre-tax dollars, through use of the Health FSA. All health, dental and optical expenses that qualify as medical deductions under IRS rules will qualify for tax-free reimbursement under this plan. Below, is a short list of example expenses; both allowable and not allowable.

HEALTH FSA EXPENSES ALLOWED:

Dental and Orthodontic Care:

- Artificial teeth or dentures
- Braces, orthodontic devices

Therapy and Treatments:

- X-ray treatments
- Speech therapy
- Alcoholism treatment
- Drug therapy treatment
- Legal sterilization
- Acupuncture
- Physical therapy treatment
- Vaccinations
- Hair transplant (if medically necessary)
- Electrolysis (if medically necessary)
- The cost of weight loss program (only to treat obesity as prescribed by a physician)

Fees and services:

- Physicians' fees
- Hospital service fees
- Service of chiropractors
- Christian Science practitioner
- Services connected with donating an organ

Hearing Expenses:

- Hearing aids and batteries

Eye Care:

- Eyeglasses
- Contact lenses
- Contact Solution
- Lasik surgery

Medical Expenses:

- Wheelchair or autoette (cost of operating/maintaining)
- Excess cost of orthopedic shoes over cost of ordinary shoes
- Crutches (purchased or rented)
- Excess cost of special mattress prescribed to alleviate arthritis
- Prescribed oxygen equipment and oxygen used to relieve breathing problems
- Support hose (if medically necessary)
- Artificial limbs

Co-Payments (not premiums):

- Health insurance out-of-pocket
- Dental insurance out-of-pocket
- Prescription medication co-payments

Assistance for individuals with disabilities:

- Cost of guide for visually impaired
- Special devices, such as tape recorder and typewriter, for the visually impaired
- Costs of equipping automobile
- Cost of Braille books and of regular editions
- Seeing Eye Dog

Psychiatric Care:

- Services of psychotherapists, psychiatrists and psychologists

Physical Exams

Prescription & Over-the-counter medications:

- Prescription co-payments
- Over-the-counter medications used to treat a medical condition (with doctor's prescription)

HEALTH FSA EXPENSES NOT ALLOWED:

- Illegal medication
- Mechanical exercise devices not prescribed
- Vacuum cleaner purchased by individual dust allergy
- Expenses of divorce when doctor or psychiatrist recommends divorce
- Sunglass clips
- Contributions to State disability funds
- Maternity clothes
- Insurance against loss of income, life, limb or eyesight
- Distilled water purchased to avoid drinking fluoridated city water supply
- Mobile telephone used for personal calls as well as calls to physician
- Treatments unrelated to a specific problem (for example, massage for general well-being)
- Marriage counseling
- Nursemaid or practical nurses in charge of healthy infants
- Cosmetic procedures
- Over-the-counter supplements/vitamins or other substances related to general good health

THE IRS WILL CHANGE THIS LIST FROM TIME TO TIME.
FOR A COMPLETE AND CURRENT LISTING OF HEALTH EXPENSES SEE IRS PUBLICATION 502.

FLEXIBLE SPENDING ACCOUNTS

Eligible Over-the-Counter Medications

What documentation is required when I submit an Over-the-Counter medication expense?

- The nature of the expense – the name of the medication must be on the receipt OR a copy of the packaging (i.e. box) must be attached to the claim form
- Date of Service
- Amount of service
- Name of the provider
- Prescription from your physician, if required

Why are certain items not reimbursable?

All reimbursable items must meet the definition of “Medical Care” – in particular, the medication must cure, mitigate, treat or prevent or affect the structure or function of the body. Certain items (as listed toward the bottom of this page) do not meet this definition of “Medical Care”.

What if I wish to be reimbursed for items not on these lists?

Contact OneDigital for additional information regarding reimbursable Over-the-Counter medications.

OVER-THE-COUNTER EXPENSES ALLOWED: (The items below do not represent a complete list)

- | | | |
|------------------------------|------------------------------------|--------------------------------|
| • Band-Aids, bandages, gauze | • Contact lens supplies & solution | • Insulin & diabetic supplies |
| • Birth control | • Denture adhesives | • Ostomy supplies |
| • Catheters | • Diagnostic test & monitors | • Pedialyte for dehydration |
| • Cold pack | • Elastic bandages & wraps | • Reading glasses |
| • Condoms | • First aid kits | • Rubbing alcohol |
| | • Hot pack | • Wheelchairs, walkers & canes |
| | • Incontinence supplies | |

OVER-THE-COUNTER EXPENSES ALLOWED ONLY WITH A DOCTOR'S PRESCRIPTION: (The items below do not represent a complete list)

- | | | |
|--------------------------------|--------------------------------------|---------------------------------------|
| • Acne treatments | • Calamine lotion | • Muscle pain creams |
| • Allergy & sinus medicine | • Carmex/Blistex/Medicated lip balms | • Nasal strips – medicated/vapor only |
| • Antacids | • Cold medicine | • Nicotine gum and patches |
| • Antibiotic products | • Cough drops, lozenges | • Pain reliever |
| • Anti diarrhea medicine | • Diaper rash ointments | • Respiratory treatments |
| • Anti-gas | • Digestive aids | • Sinus sprays |
| • Anti-itch & insect bite | • Feminine anti-fungal / anti-itch | • Sleeping aids & sedatives |
| • Anti-parasitic treatments | • First aid cream | • Sunburn ointment |
| • Aspirin | • Hemorrhoidal preps | • Suppositories |
| • Baby rash ointments & creams | • Lactaid for lactose intolerance | • Visine |
| • Bactine | • Laxatives | • Wart remover |
| • Bee sting kits | • Menstrual cycle products for pain | |
| • Bug bite ointments | • Motion sickness pills | |

THE IRS WILL CHANGE THIS LIST FROM TIME TO TIME.
FOR A COMPLETE AND CURRENT LISTING OF HEALTH EXPENSES SEE IRS PUBLICATION 502.

FLEXIBLE SPENDING ACCOUNTS

Eligible Over-the-Counter Medications Continued

OVER-THE-COUNTER EXPENSES ALLOWED ONLY WITH A DOCTORS NOTE:

These items would not normally be eligible for reimbursement under your Flexible Spending plan, but, could be if used to treat a specific medical condition. The IRS requires a letter from your attending physician stating your medical condition and also stating that the following item is being prescribed for treatment of that condition. (The items below do not represent a complete list)

- Acne treatments
- Fiber supplements for constipation
- Lactaid for lactose intolerance
- Feminine hygiene products
- Glucosamine / Chondroitin for arthritis
- Orthopedic shoes
- St. John's Wart for depression
- Hormone therapy for menopause
- Sunscreen for cancer
- Weight loss medication
- Prenatal vitamins
- Feminine Hygiene Products

OVER-THE-COUNTER EXPENSES NOT ALLOWED:

(The items below do not represent a complete list)

- Chapstick
- Food, food replacement
- Medicated shampoos and soaps
- Face creams and moisturizers
- Toiletries
- Toothbrush / toothpaste
- Vitamins*
- Dietary supplements
- Cosmetics

** Vitamins would not normally be eligible for reimbursement under your Flexible Spending plan, but, could be if used to treat a specific medical condition. The IRS requires a letter from your attending physician stating your medical condition and also stating that the vitamin is being prescribed for treatment of that condition.*

**THE IRS WILL CHANGE THIS LIST FROM TIME TO TIME.
FOR A COMPLETE AND CURRENT LISTING OF HEALTH EXPENSES SEE IRS PUBLICATION 502.**

Eligible Dependent Care FSA Expenses

For which expenses can I use the Dependent Care FSA?

You may use the Dependent Care FSA to pay for childcare or other dependent care services if you meet the following criteria:

- You need to pay for childcare or other dependent care services in order to be gainfully employed.
- You need to pay for the care of a mentally or physically incapacitated dependent or spouse to be gainfully employed.

Are there any requirements pertaining to the Dependent Care FSA?

Yes. Childcare or dependent care services will qualify for reimbursement under the plan if they meet the following requirements:

1. If you are married, the services must be provided to enable both you and your spouse to be employed, unless one spouse is a full-time student at an educational institution and the other is employed full time.
2. The amount to be reimbursed must not be greater than either you or your spouse's income; whichever is lower.
3. The child must be under 13 years old, or, if older, mentally or physically incapable of caring for herself or himself.
4. The services may be provided inside or outside your home, but not by someone who is your dependent for income tax purposes, such as an older child, your spouse, or a grandparent who lives with you.
5. If childcare is at a daycare center, the center must comply with all state issued rules and regulations.
6. You may also use the Dependent Care FSA to pay for expenses for care of a mentally or physically incapacitated dependent or spouse if such care is necessary to enable you to work.

Are Kindergarten expenses eligible for reimbursement under the Dependent Care plan?

No, the IRS has stated that no Kindergarten expenses are eligible for reimbursement. They are considered to be educational in nature rather than dependent care.

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FLEXIBLE SPENDING ACCOUNTS

Sample Case of Benefits Taken Pre-Tax vs. After-Tax

The following is an example of how Flexible Spending Accounts affect your taxes and can boost your take-home pay.

The following example shows the effect of paying for eligible benefit expenses AFTER-TAX (salary deduction) compared to paying for benefits PRE-TAX (salary reduction). This example is based on monthly gross pay of \$2,000 for a married person claiming two exemptions (2016 tax tables). They figure their monthly day care is \$200, their annual health and dental bills are around \$120 or \$10 per month and their monthly medical contribution is \$50.

	Benefits Taken <i>WITH</i> FLEXIBLE BENEFITS (Pre-tax)	Benefits Taken <i>WITHOUT</i> FLEXIBLE BENEFITS (After-tax)
Gross Wages	\$2,000.00	\$2,000.00
Benefits Paid Before Taxed:		
Health Premiums	\$50.00	\$0.00
Dependent Care	\$200.00	\$0.00
Medical Spending Account	\$10.00	\$0.00
Taxable Wages	\$1,740.00	\$2,000.00
Taxes:		
Social Security Tax	\$133.11	\$153.00
Federal Tax	\$38.00	\$66.00
State Tax	\$29.00	\$44.00
Benefits Paid After Tax:		
Health Premiums	\$0.00	\$50.00
Dependent Care	\$0.00	\$200.00
Medical Spending Account	<u>\$0.00</u>	<u>\$10.00</u>
Take Home Wages	\$1,539.89	\$1,477.00

By paying these expenses *PRE-TAX*, take-home pay is \$62.89 per month higher or \$754.68 annually.

FLEXIBLE SPENDING ACCOUNTS

Health Care Expenses Worksheet

Use this worksheet to estimate the health care expenses you (and your eligible dependents) expect to incur during the plan year that will not be reimbursed from another source (that is, insurance). The total you get here is the total amount you may want to deposit in your Health Flexible Spending Account. Remember to be conservative in your estimates because any unused balances in your Health FSA are forfeited.

ESTIMATE YOUR UN-REIMBURSED COSTS FOR:

Medical:

- Medical deductibles \$ _____
- Out-of-Pocket payments \$ _____
- Routine exams (OB-GYN, physicals, etc.) \$ _____
- Medical Office Co-payments (\$10 per visit, for example) \$ _____
- Prescription Drugs (including birth control, allergy shots, insulin) \$ _____
- Hearing aids and exams \$ _____
- Vision Care (eye exams, contact lenses, prescription eyeglasses) \$ _____
- Medically required equipment (wheelchair, prosthetic devices) \$ _____
- Chiropractor \$ _____
- Emergency Room charges \$ _____
- Over-the-counter expenses \$ _____
- Other medical expenses not covered by insurance \$ _____

Dental:

- Dental deductibles \$ _____
- Co-insurance payments \$ _____
- Orthodontia (braces, retainers) \$ _____
- Other Dental expenses not covered by insurance: \$ _____
- _____ \$ _____
- _____ \$ _____

TOTAL HEALTH CARE EXPENSES \$ _____
(indicate this amount on your Enrollment Form)

Note: To determine the impact on each paycheck, divide your Total Health Care Expenses by the number of pay periods remaining in the plan year.

\$ _____ / _____ = _____ /paycheck

FLEXIBLE SPENDING ACCOUNTS

Dependent Care Expenses Worksheet

In determining whether to participate in the Dependent Care Flexible Spending Account, you should consider the dependent care Income Tax Credit. Whether the tax credit or the spending account is more advantageous is dependent upon each individual's tax situation.

The Dependent Care Income Tax Credit and the Dependent Care Flexible Spending Account interact with various other tax laws concerning items of income, losses, deductions and credits. Consult a tax advisor for more information regarding your individual tax situation.

Taking the Income Tax Credit on Form 1040:

1. Your Annual Eligible Expenses:
 (\$3,000 maximum for 1 child;
 \$6,000 maximum for 2 or more children) \$ _____ / Year

2. Your Tax Credit Percentage:
 (use chart below to determine percentage) x _____ %

Adjusted Gross Income	Credit %	Adjusted Gross Income	Credit %
\$0 - \$15,000	35%	\$29,001 - \$31,000	27%
\$15,001 - \$17,000	34%	\$31,001 - \$33,000	26%
\$17,001 - \$19,000	33%	\$33,001 - \$35,000	25%
\$19,001 - \$21,000	32%	\$35,001 - \$37,000	24%
\$21,001 - \$23,000	31%	\$37,001 - \$39,000	23%
\$23,001 - \$25,000	30%	\$39,001 - \$41,000	22%
\$25,001 - \$27,000	29%	\$41,001 - \$43,000	21%
\$27,001 - \$29,000	28%	\$43,000 or higher	20%

3. Your **Estimated** Tax Credit Savings: \$ _____ / Year

Using the Dependent Care (Section 125) Flexible Spending Account Plan:

1. Your Annual Dependent Care Expenses (\$5,000 maximum): \$ _____ / Year

2. Your Tax Savings Percentage:
 (7.65% FICA + federal tax percentage from the chart below) x _____ %

<u>Head of Household</u>		<u>Married, Filing Joint</u>	
Adjusted Gross Income	Tax %	Adjusted Gross Income	Tax %
\$0 - \$9,800	10%	\$0 - \$22,600	10%
\$9,800 - \$31,500	15%	\$22,600 - \$66,200	15%
\$31,500 - \$69,750	25%	\$66,200 - \$120,750	25%
\$69,750 - \$151,950	28%	\$120,750 - \$189,600	28%
\$151,950 - \$328,250	33%	\$189,600 - \$333,250	33%
\$328,250 and higher	35%	\$333,250 and higher	35%

3. Your **Estimated** Section 125 Flexible Spending Account Savings: \$ _____

This worksheet is provided for informational purposes only. OneDigital does not guarantee its accuracy nor do we provide legal or accounting advice. If you have questions about participating in this plan, consult your attorney or tax advisor.