

Flexible Spending Accounts

A Flexible Spending Account (FSA) allows you to put some cash “in reserve” for certain health care and dependent care expenses. If you enroll, you choose an amount to be deducted from your paycheck over 24 pay periods and deposited into your FSA. Then, after you pay an eligible expense, you are reimbursed with the dollars from that account.

Overview of Accounts

Your contributions to the accounts are deducted from your bi-weekly paychecks **before taxes are withheld**, so you are paying for eligible expenses with tax-free dollars! The City of Dallas offers two different FSAs:

The **Employee Medical Spending FSA** is for eligible health care expenses for you and your dependents. If you decide to participate, you must follow the deposit amount guidelines outlined on the next page. Per the IRS, you generally cannot participate in our Health Care FSA if your spouse/domestic partner is enrolled in a Health Savings Account.

The **Dependent Care FSA** is for dependent day care expenses and may be used for:

- Children under age 13
- Any child who is physically or mentally incapable of self-care
- An elderly parent who is dependent upon you for support and needs care while you are at work

	Employee Medical Spending FSA	Dependent Care FSA
What It's For	Eligible medical, dental, and vision expenses	Dependent day care expenses
Maximum Deposit	\$2,500 annually	Single, head-of-household, or married filing jointly: \$5,000 annually Married, filing separately: \$2,500 annually
Accumulation of Funds	Your account is credited with your annual deposit amount at the beginning of each participation period	Money must be accumulated in the account before withdrawn

How to Use Your Funds

There are several ways to use your FSA funds:

- When United Healthcare processes your claim (medical, dental or vision) or CVS Caremark processes your pharmacy claim, the patient responsibility on the claim will “roll over” to the FSA account. As long as there are available funds, you will receive a reimbursement from your FSA account. Please note, if you are also enrolled in the HRA Medical Plan, the medical claim will roll over to your HRA account first and then to your FSA account after your HRA funds have been used.
- Your Medical Spending FSA comes with a convenient Optum Bank MasterCard that allows you to pay for eligible expenses anywhere that MasterCard is accepted.
- All other eligible expenses would require you to file claims for reimbursements. However, you can sign up for Direct Deposit using the *Account Settings* on www.myuhc.com. This allows your FSA reimbursements to be automatically deposited into your savings or checking account.

Cost Savings Example

Myth: “I can’t afford to put money in an FSA”

Truth: You may believe you can’t afford to use an FSA because you think it will drain your paycheck. But if you have dependent care expenses, such as day care, preschool school, or day camps, your spendable pay takes an even bigger hit when you *don’t* use the account. Instead, consider setting aside tax-free money in a Dependent Care FSA, which lowers your taxable income and stretches your take-home pay!

Here is an example of how the account allows you to keep more of your paycheck when you have dependent care expenses. The example assumes you are single, you earn \$30,000 per year, and you have \$4,800 in annual day care expenses.

Note: This is only an example. Your actual savings may be different based on your individual situation.

Contribute to the Account		Do NOT Contribute to the Account	
Your Annual Salary	\$ 30,000	Your Annual Salary	\$ 30,000
Pre-Tax Day Care Deduction	-\$ 4,800	Less Taxes*	-\$ 7,350
Taxable Pay	\$ 25,200	Take-Home Pay	\$ 22,650
Less Taxes*	-\$ 6,174	Annual Day Care Expenses	-\$ 4,800
Spendable Pay	\$ 19,026	Spendable Pay	\$ 17,850

*Assumes 24.5% federal tax bracket

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Money Saved: \$1,176 per year!

FSA Details

- Visit www.myuhc.com for a complete list of eligible expenses. And while you’re there, you can also set up direct deposit of your reimbursement checks into your bank account.
- The Health Care FSA and the Dependent Care FSA are separate accounts — you cannot transfer funds between the two accounts.
- You should keep all receipts and statements, because you may be required to submit them to UHC to document your expenditures.
- You can have a Health Care FSA and an HRA at the same time. You will receive one Optum Bank MasterCard for both accounts.

Mapping Out Your Flexible Spending Account

If you choose to participate in an account, use this worksheet as a guide to estimate your annual deposit.

Eligible Health Care Expenses	Estimated Expenses
Copays (doctor visits, prescriptions, vision)	\$
Medical, dental deductibles	\$
Out-of-pocket hospital expenses	\$
Out-of-pocket physician expenses (e.g., lab work)	\$
Out-of-pocket dental expenses	\$
Out-of-pocket vision and eye care expenses	\$
Eligible over-the-counter medication expenses	\$
Other eligible health care expenses	\$
	\$
Annual Total	\$
(Divide by 24)*	÷ 24
Bi-Weekly Contribution	\$

Most over-the-counter medications require a doctor's prescription to be considered eligible expenses. Keep this in mind as you plan out your Health Care FSA contribution!

Eligible Dependent Care Expenses	Estimated Expenses
Weekly Expenses	\$
Number of Weeks	
Annual Total	\$
(Divide by 24)*	÷ 24
Bi-Weekly Contribution	\$

*If you join the City of Dallas during the plan year, divide your annual total by the number of pay periods remaining through the end of the year.

