

Flexible Spending Accounts 101: What You Need to Know

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## What is a Flexible Spending Account?

- A Flexible Spending Account (FSA) is a special account you put money into that you can use to pay for certain out-of-pocket health care or dependent care expenses.
- With the Harvard-sponsored FSAs, you fund the account through pre-tax payroll deductions, thereby reducing your taxable income.
- FSAs are use-it-or-lose-it. Any money not used by the end of the annual filing deadline will be forfeited.



### Why Should I Choose a...?



**Dependent Care FSA:** Because you have **qualified day care expenses** for your dependent child under age 13, disabled spouse, elderly parent, or other qualified dependent who is physically or mentally incapable of self-care.



**Health Care FSA:** Because you and/or your eligible dependents have eligible out-of-pocket expenses tied to your medical, dental, and vision care.



Limited Purpose FSA: Because you are enrolled in the High Deductible Health Plan (HDHP), elected to contribute to the Health Savings Account (HSA),\* have eligible out-of-pocket expenses tied to your dental and vision care. (Medical expenses are covered through the HSA, not this FSA).

\*An HSA is another type of health care savings account. The Harvard-sponsored HSA is only available to employees who are enrolled in the Harvard-sponsored HDHP.

You can view <u>detailed brochures for each</u> <u>program and a list of some of the eligible</u> expenses on Voya's website.

## **Dependent Care FSA**

- You can use dependent care FSA funds to pay for qualified day care expenses for your dependent child under age 13, disabled spouse, elderly parent, or other qualified dependent who is physically or mentally incapable of self-care.
- You can contribute \$120 up to \$5,000 per household (up to \$2,500 per spouse if you are married and file separately) per calendar year.
- You can be reimbursed up to the amount in your account at the time you request reimbursement.

**Eligible** expenses include, but are not limited to:

- ✓ Day care centers
- ✓ Nursery schools
- ✓ Summer day camps
- ✓ Adult day care centers
- ✓ Before/after school programs

**Non-Eligible** expenses include, but are not limited to:



- X Health care expenses for your dependents
- X Activities fees
- X Overnight camp
- X Dance lessons

Visit <u>Voya's website</u> for a more detailed list of eligible and ineligible dependent care FSA expenses

### **Health Care FSA**

You can use health care FSA funds to pay for qualified healthcare expenses for you, your spouse, or any person you claim as a dependent on your income tax returns.

**Note:** If you or your spouse are contributing to an HSA in the same plan year, you **are not eligible** to enroll in a health care FSA.

#### **Benefits** of a health care FSA include:

- Your full election is available to you as of the effective date of your enrollment.
- Pre-tax deductions are taken throughout the calendar year.
- Pre-tax deductions reduce your taxable income.

**Eligible** expenses include, but are not limited to:

- Medical, dental, and vision copays, coinsurance, and deductibles
- ✓ Eyeglasses and contact lenses
- ✓ Orthodontia
- ✓ Bandages

# **Limited Purpose FSA**

A limited purpose FSA is available to employees enrolled in the Harvard-sponsored Health Savings Account (HSA).\* You can use these funds to pay for qualified dental and vision care expenses for you, your spouse, or any person you claim as a dependent on your income tax returns.

### **Benefits** of a limited purpose FSA include:

- Your full election is available to you as of the effective date of your enrollment
- Pre-tax deductions are taken throughout the calendar year
- Pre-tax deductions reduces your taxable income

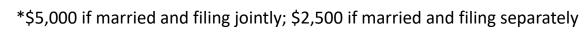
**Eligible** expenses include, but are not limited to:

- ✓ Bridges & crowns
- ✓ Dental copays
- Orthodontia
- ✓ Eyeglasses
- ✓ Contact lenses
- ✓ Lasik

<sup>\*</sup>You must be enrolled in the Harvard-sponsored High Deductible Health Plan (HDHP) to enroll in the HSA. Go to HARVie for more details on the HDHP and HSA.

# Considerations When Electing an FSA

- Enrollment periods 30 days from your date of hire, the date you are first eligible for benefits, or the date of an IRS-defined <u>change in status</u> (change must be consistent with the event); or annually at Open Enrollment.
- Calculate your election carefully as unused funds will be forfeited.
- If your spouse is also electing a dependent care FSA, make sure your combined contributions don't exceed the annual household maximum.\*
- If you are making a midyear election and have already contributed through another employer, be sure your combined elections don't exceed the annual maximum contribution limit.
- If you or your spouse are contributing to an HSA through another employer in the same plan year, you are not eligible to contribute to the Harvard-sponsored health care FSA.
- Dependent care FSA funds CANNOT be used for dependent health care expenses.





### **Additional Resources**

- <u>Harvie</u> hr.harvard.edu
- Voya benstrat.com/clients/harvard
- Harvard Benefits Office
  - Benefits@harvard.edu
  - **-** 617-496-4001

Mon, Tue, Thu, and Fri from 9:00 a.m. to 5:00 p.m.

Wed from 10:00 a.m. to 5:00 p.m.

<u>Life events</u> that allow you to make changes to your benefits