

**(1)**

Flexible Spending Accounts are an employee benefit that saves you money on eligible expenses for you and your family. It is an account where you contribute money from your paycheck before taxes, incur eligible expenses and get reimbursed. It is a great way to lower your taxes and save money. There are 2 types of Flexible Spending Accounts: Healthcare and Dependent Care. You can enroll in just one or both of these categories.

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**(2)**

How will enrolling in a Flexible Spending Account save you money? Here is an example: Your annual salary is \$50,000.00 and your annual FSA election is \$2000.00. Since the contribution is pre-tax, your taxable income is now \$48,000 rather than \$50,000. Federal, State, Social Security and Medicare tax will be based on \$48,000 so less tax is deducted by enrolling in a Flexible Spending Account. If you choose not to enroll in an FSA, you pay out of pocket healthcare or dependent care expenses after tax has been deducted resulting in lower take-home pay. By enrolling in an FSA, your savings is \$650.00. Your savings will vary based on your individual tax situation. Please consult a tax professional for more information regarding your situation.

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**(3)**

Starting 2014, Flexible Spending Accounts are administered by ADP, a third-party administrator. UND's Plan Year is January 1<sup>st</sup> through December 31<sup>st</sup>. Once you have enrolled, you cannot drop out of the program or change amounts unless you have a lifestyle change. An example of a qualifying lifestyle change is a marriage, divorce, death or birth of an immediate family member or a change in employment status.

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**(4)**

The first type of flexible spending account that I will talk about is the Healthcare category. If you or eligible family members have healthcare costs such as: copays, deductibles or coinsurance for medical, dental or vision plans, if you purchase prescription medications, wear glasses or contacts or are planning on laser eye surgery or if you or a family member receives orthodontia treatments, enrolling in a Flexible Spending Account can save you money. The maximum election for Healthcare expenses is \$2550.00 per employee per year.

**(5)**

When you enroll in a Healthcare FSA, you will automatically receive a Spending Account Card. Use of the card is optional. The card is used to pay for eligible purchases directly from your account. It gives you immediate access to your healthcare funds and can be used at the doctor, pharmacy, vision center and dentist. It will reduce the number of paper reimbursement claims to file.

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**(6)**

The second type is the dependent care category. It allows you to use pre-tax money to pay for child or elder care expenses that you incur so you and your spouse (if married) can work or look for work or your spouse can attend school full-time. The maximum dependent care election is \$5000.00 per household per year.

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**(7)**

Enrolling in a dependent care FSA can save you money if your dependent children under 13 years of age attend daycare, before-/after-school care or a summer day camp. It will also save you money if you provide care for a person of any age whom you claim as a dependent on your tax return and who is mentally or physically disabled.

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**(8)**

How do you enroll? You must enroll within 31 days of employment or during open enrollment. Open enrollment is held November of each year for eligibility the following year. Enrollment forms are located in The Payroll Office in Room 312 Twamley Hall or on the Payroll website. Once you have determined your annual election, we will deduct the amount from your pay in equal amounts throughout the year.

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**(9)**

If you have decided to not use the debit card, there are several ways for you to get reimbursement for eligible expenses. You will first pay for that expense out of your pocket then either fax, mail or submit online a reimbursement request form along with the receipt for the purchase to ADP. ADP will process your request and promptly reimburse you through direct deposit or by check.

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**(10)**

Because FSAs have tax benefits, the IRS places guidelines on them. Any funds left in your account at the end of the plan year cannot be rolled over to the next year. Those funds will be forfeited so plan carefully when determining how much you want to contribute. However, the IRS allows us to offer employees a 2 ½ month extension to help you avoid losing those funds.

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**(11)**

For more information about flexible spending accounts, go to [www.spendingaccounts.info](http://www.spendingaccounts.info). A list of eligible expenses and an interactive contribution and tax-savings calculator is also available to you on that website. To speak with an FSA specialist, call 1-800-228-5762.