

## Your Options

### Flexible Spending Account (FSA)

The FSA reduces your taxable income by setting aside pre-tax dollars to pay for eligible healthcare expenses.

### Limited Purpose Flexible Spending Account (LPF)

The LPF is available only if you elect to enroll in a health savings account (HSA). The LPF is in addition to your HSA and is limited to paying only qualified dental and/or vision expenses that are not covered by your employer's health plan or any other health plan.

### Learn More

For more information about FSAs, including videos and savings estimators, please visit [MedMutual.com/myspendingaccounts](http://MedMutual.com/myspendingaccounts), or call (800) 525-9252.

# Healthcare Flexible Spending Account

Maximize Your Tax Savings

#### Medical Mutual

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## What is a Healthcare FSA?

**A flexible spending account (FSA) is an employer-sponsored benefit that allows you to pay for eligible medical expenses on a pre-tax basis. If you expect to incur medical expenses that won't be reimbursed by another plan, FSAs are a great way to save money while covering those costs.**

### How Does It Benefit Me?

An FSA saves you money. The contributions you make to an FSA are deducted from your pay before your federal, FICA and state taxes are calculated and are never reported to the IRS. The end result is that you decrease your taxable income and increase your spendable income. You can save hundreds of dollars.

### Potential tax savings using an FSA.

Federal Tax Rate	Annual FSA Contribution	Annual Tax Savings <sup>1</sup>
15%	\$1,550	\$365
15%	\$2,550	\$586
25%	\$1,550	\$511
25%	\$2,550	\$841
33%	\$1,550	\$635
33%	\$2,550	\$1,045

<sup>1</sup> For illustrative purposes only. Based on a 7.65% FICA. Your tax situation may be different. Consult a tax advisor.

### How a Healthcare FSA Works

You may be able to contribute up to \$2,550 annually<sup>2</sup> to your flexible spending account. This annual election amount will be deducted evenly out of each pay check on a pre-tax basis and put into your FSA. You can then use the funds to pay for eligible expenses. Changes to the annual election amount are only permitted due to a change of status such as marriage or birth of a child.

A benefit of an FSA is that it is pre-funded, meaning that you will have access to your full annual election amount at the very beginning of the plan year, regardless of the amount contributed to date. That is like having a tax-free, interest-free loan to help you pay for healthcare expenses.

Your plan may allow for a maximum of \$500 of unused funds to be rolled over.<sup>3</sup> The rollover amount can be used to pay or reimburse healthcare expenses incurred during the entire plan year to which it is rolled.

<sup>2</sup> Based on 2016 IRS limits. Please check with your employer for your annual contribution limit.

<sup>3</sup> Please check with your employer if your plan allows for rollover funds.

### Who's Covered

An FSA covers eligible expenses for you and all of your dependents, even if they are not covered under your primary health insurance plan.

### What's Covered

For a complete list of eligible expenses see IRS Publication 502: Medical and Dental Expenses. Examples of eligible expenses:

- Acne Treatments<sup>4</sup>
- Allergy Medicine<sup>4</sup>
- Antacids<sup>4</sup>
- Bandages
- Chiropractic Care
- Cold Medicine<sup>4</sup>
- Condoms
- Contact Lenses & Cleaners
- Copays, Co-Insurance & Deductibles
- Dental Care
- Diabetic Supplies
- Eyeglasses
- Hearing Aids
- Insulin
- Laser Eye Surgery
- Orthodontia
- Pain Relievers<sup>4</sup>
- Pregnancy Tests
- Prescription Drugs
- Smoking Cessation Programs<sup>4</sup>
- Sunscreen

<sup>4</sup> Over-the-counter (OTC) drugs and medicines are only eligible for reimbursement when prescribed by a physician.