



*An FSA (Flexible Spending Account) lets you set aside a part of each paycheck before taxes. You can then use that money to pay for eligible out-of-pocket healthcare and/or dependent care expenses. Because the money is deducted from your wages before taxes, your taxable income is lower. That means your federal, state and social security taxes will be lower. And that means more spendable income for you!*

## The Quality Choice for Flexible Spending Accounts

### How the FSA Program Works

Taking part in an FSA is optional – and you decide how much per pay period you want to set aside. (IRS rules limit how much you can put in your account each year.) This amount is then deducted from your gross (pre-tax) wages and put into your FSA account. You can access the funds in your account to pay for eligible expenses with an FSA debit card. Check your balances 24 hours a day by signing in to *My Account* at [QualChoice.com](http://QualChoice.com).

### What Can FSA Funds Be Used For?

**Healthcare Expenses:** You can use your funds to pay for things often not covered by healthcare plans. Things like plan copayments, deductibles and prescription drugs. It may also include eye exams, eyeglasses, eye surgery, contact lenses and supplies. Dental visits and chiropractic services may also be eligible.

**Dependent Care (Adult and Child) Costs:** A dependent care spending account covers the cost of care by eligible caregivers for dependents (children) under the age of 13. It also covers care for a disabled spouse or other dependent claimed on your taxes. Some covered expenses are: daycare, day camp, and before- and after-school care.

### Use It or Lose It

Budget your monthly FSA amount carefully! You will not get unused money back at the end of the year unless your plan has a grace period or lets you roll over the extra to the next plan year. IRS rules state that you can't change how much you contribute – or drop out – during the plan year unless you have a qualifying event (a birth, marriage, divorce or other change).

**Check with your employer about opening a flexible spending account. Start saving today!**

### Common FSA Expenses

- Deductibles, copayments and other eligible expenses not covered by your health plan
- Prescription drugs and medical supplies
- Diabetic supplies
- Dental services, orthodontics and dentures
- Eyeglasses, contacts, solutions and eye surgery
- Hearing aids
- Chiropractic services
- Psychiatric care and psychologist's fees
- Dependent (adult and child) day care services
- Adoption expenses
- Over-the-counter medications such as allergy medications, aspirin or antacids if prescribed by a doctor

All expenses must have a date of service that is within the benefit plan year. For a current list of eligible and ineligible expenses, go to [IRS.gov](http://IRS.gov) or [QualChoice.com](http://QualChoice.com). Under *Already a Member?*, choose **Find a Form or Document**.

FSA Savings Example	With an FSA	Without an FSA
Annual Salary Before Taxes	\$30,000	\$30,000
FSA Contribution	-1,500	0
Taxable Income	28,500	30,000
Less Taxes		
– Federal Income Tax* (estimate 15%)		
– FICA 7.65%	-6,455	-6,797
Less Healthcare Expenses	0	-1,500
Take-Home Pay	22,045	21,705
<b>TAX SAVINGS</b>	<b>\$340</b>	<b>\$0</b>

\*If your federal income tax rate is higher than 15% or if you pay state or local income taxes, you can save even more!

