

Flexible Spending Accounts (FSAs)



Increase Your Take Home Pay with Flexible Spending Accounts (FSAs)

FSAs allow you to pay for eligible health care and/or dependent (day) care expenses with tax-free money. Your FSA contributions are deducted before taxes are calculated and withheld, so your take-home pay is higher than it would be if your deductions were made after taxes are calculated.

The full amount of your annual Healthcare FSA contribution is available to use on January 1, even though your contributions are deducted from each paycheck on a prorated basis. The Dependent Care FSA works differently; your contributions are available as they are contributed to your account each payday.

Use a Healthcare FSA to pay for:

- Eligible medical, dental, and vision plan deductibles, coinsurance, and/or co-pays.
- Prescription eyeglasses, contact lenses and supplies.
- LASIK and other surgery to correct or improve vision.
- Tobacco cessation programs.
- Eligible over-the-counter medications and supplies.

Use a Dependent Care FSA to:

- Pay an eligible day care provider or caregiver to take care of your children or elderly parents so you (and your spouse) can work. See your BENEFlex guide for information about eligible expenses.
- Note: Medical, dental, vision, and other eligible health care expenses for your dependent children can only be reimbursed from a Healthcare FSA.

Keep More Money in Your Pocket

- Pay no federal income tax or Social Security tax on your FSA payroll deductions.
- *Increase your take home pay by reducing your taxes.*
- **CAUTION!** Estimate carefully to avoid the "Use It or Lose It" rule.
- You can pay dependent health care expenses through the Healthcare FSA, even if you enroll in employee-only health plan coverage.
- When you enroll, authorize any whole-dollar amount between \$10 and \$125 per paycheck (up to a \$2,500 annual maximum) for each FSA.
- For more information and to check your FSA balances online after you enroll, go to *MyHumana.com*.

How FSAs Work

Estimate Your Expenses

Take the time to estimate your health care and/or dependent care needs for the year. Use the Healthcare FSA and Dependent Care FSA planners on *MyHumana.com*.



Decide How Much to Contribute

Healthcare FSA = \$200 to \$2,500

Dependent Care FSA = \$200 to \$5,000

Board Credits Count! If you do not enroll in a medical plan, you can enroll in a Healthcare FSA and authorize from \$10 up to \$25 of your Board Credits to be deposited in your account each payday.



Enroll In One or Both FSAs

New Employees: Enroll when you complete the PCS benefits enrollment form.

Current Employees: Enroll during annual enrollment using the online enrollment system. If you are currently enrolled in one or both FSAs and want to continue contributing the same amounts for next year, you don't have to do anything. Your contributions will automatically roll over.

If your current (2012) Healthcare FSA election is more than \$2,500 and you don't make a change during annual enrollment, your contribution will be automatically reduced to \$2,500.



Use Your Account(s)

You have several ways to access your FSA dollars to pay eligible expenses and get reimbursed.

Healthcare FSA: (1) Use your HumanaAccess Visa Debit Card, or (2) Pay your expenses and submit reimbursement claim forms and receipts to Humana.

Dependent Care FSA: Pay the expense and submit a reimbursement claim form to Humana



Enjoy Your Tax Savings

The chart on the reverse side shows how much three employees could save on taxes.

How Much Can You Save On Taxes?

The actual amount you will save will vary by how much you contribute, your annual income, tax filling status, and exemptions. In these examples, Kirin, Dave, and Tonya contribute different amounts to their FSA(s) and have a different tax filling status.

Kirin Saved \$1,234
Her savings equaled a mortgage payment



Dave Saved \$226
His savings paid for six tanks of gas



Tonya Saved \$566
Her savings paid for a new laptop computer



Annual Salary	\$35,000	\$22,000	\$42,000
FSA Payroll Deductions:			
Healthcare FSA	-\$450	-\$1,000	-\$2,500
Dependent Care FSA	-\$5,000	\$0	\$0
Taxable Salary	\$29,550	\$21,000	\$39,500
Taxes on Annual Salary	\$5,153	\$3,258	\$6,738
Reduced Taxes on Taxable Salary	\$3,919	\$3,032	\$6,172
Total Tax Savings	\$1,234	\$226	\$566
Tax Status	Single with 3 exemptions	Single with 1 exemption	Married with 3 exemptions

Humana Makes Managing Your FSAs Easy

Go to MyHumana.com or call 1-800-604-6228

To manage your FSAs online, log into *MyHumana.com*. The website includes the most up-to-date information about your account. You can:

- View your account balance: go to the “Spending Accounts” page in the “Claims & Spending” section
- Review all posted and pending FSA transactions.
- Request additional HumanaAccess cards.
- Download a reimbursement form.
- Review frequently asked questions about using the FSA, verifying expenses, and getting the most value from your account.
- See a list of sample qualified expenses (the list may not be all-inclusive; check with Humana’s on-site representative or call Humana at 1-800-604-6228 for specifics).
- Review year-to-date spending.
- Estimate costs for health care services and prescription drugs.
- Compare doctors, hospitals, and outpatient centers with Humana’s MyChoice ToolsSM
- Use Healthcare FSA and Dependent Care FSA planners.

Attention CDHP Members

If you are enrolled in the Humana Consumer Directed Health Plan (CDHP) **and** a Healthcare FSA, You will have two HumanaAccess Visa Cards, one for your Healthcare FSA and one for your CDHP allowance. Use your CDHP debit card for eligible medical plan and pharmacy expenses that are processed through your CDHP allowance. You can use your FSA debit card to pay for eligible medical expenses not covered by the CDHP allowance as well as eligible dental, vision, and certain over-the-counter expenses.

Use It or Lose It Rule—Estimate Your FSA Contributions Carefully

The IRS’ “use it or lose it” rule states that any FSA balance not used by the end of the plan year must be forfeited. You have 90 days after the end of the plan year, or date of termination, to submit receipts for reimbursement of services received during the plan year or employment period.

This represents a summary of the Flexible Spending Accounts. Detailed information is available in the 2013 BENEFlex Guide.