



DEPENDENT CARE ACCOUNT

Why contribute to a Dependent Care Flexible Spending Account? – To save money!

If you know you are going to dependent care expenses in the next calendar year, paying for those expenses with a Dependent Care Account or Dependent Care FSA will allow you to save 30-40% on average. That's because each dollar you contribute into your Dependent Care FSA reduces your taxable income, so you won't have to pay federal or state income taxes, or payroll taxes like Medicare, Social Security. So, for example:

20% federal income tax rate + 10% state income tax + 7.5% payroll taxes = 37.5% total savings!

\$5,000 in dependent care costs can be reduced by \$1,875 per year, on average!

That's a lot of savings and something every family could benefit from.

(Actual savings depend on your specific tax brackets)

How does an Dependent Care FSA work? – Like 12 month interest free/tax free financing!

Your flexible spending account will start on January 1st of each year. Before the plan starts you will make your annual election; for example \$1,200. During the plan year, or over the next 12 months, you will contribute \$100 per month via payroll deductions. **Another great benefit of the Flexible Spending Account is your annual election is available for you to spend on the first day of the plan year.** So even though you have only contributed \$100 in January, you are still able to spend all \$1200 if needed, to take advantage of annual tuition discounts or cover unexpected dependent care costs. So the Dependent Care FSA really functions like a 12 month, interest and tax free, financing program.

What's the drawback to a Dependent Care FSA? – It's a “use it or lose it” account.

Every year you will need to spend the money you contribute into your Dependent Care FSA, otherwise, you will forfeit any unused funds.

How to use your FSA – Just swipe your ISG Benefits Debit Card!

When you enroll in an Dependent Care FSA with Insurance Savings Group, you will receive two ISG Benefit Debit Cards in the mail for you and your Spouse to use. We encourage you to use your benefit card for all Dependent Care FSA expenses. Keep track of your account balance by logging into your member portal at www.joinisg.com or by using the smart phone app, ISG admin.

If you forget your ISG Benefit Debit Card at home or your card is declined and you incur an eligible expense, you can always submit a receipt, in your online portal or by using your phone app and get reimbursed by ACH. All reimbursements are handled via ACH to the same bank account as the voided check you attached to your ISG member enrollment application.

Whenever you swipe your ISG Benefit Debit Card for your Dependent Care FSA, you will need to submit an itemized receipt.

Every time you use your ISG Benefit Debit Card you are required per IRS rules to substantiate your expense by submitting an itemized receipt, third party statement, or explanation of benefits. You will receive email reminders and messages online in your member portal and on your smart phone app. If you do not substantiate your expense within 60 days then your debit card will be suspended.

I'd like to pay for my annual tuition up front, how do I set that up?

Call customer service and request assistance with an annual tuition payment, 800-220-3304. After you have turned in the necessary documentation to substantiate your expense, a payment will be sent directly to the dependent care provider via ACH, or a check in the amount of the annual tuition will be mailed to you, to be delivered to the provider.

I'd like to set up a recurring monthly claim for my dependent care expenses?

Call customer service and request assistance with a recurring expense, 800-220-3304. After you have turned in the necessary documentation to substantiate your expense, a payment will be sent directly to your bank account via ACH every month, or an ACH payment will be made directly to your provider on your behalf every month.

My card doesn't work. Now what?

Its probably not working for several reasons:

- You didn't turn in an itemized receipt or EOB for your last debit card swipe
- The items you are trying to purchase are not on the IRS approved list
- You are trying to purchase approved items from an unapproved vendor
- The items you are trying to purchase are not "coded" correctly by the vendor

Call the 800 number on the back of your ISG Benefit Debit Card and we will help you work through your situation.