



# FLEXIBLE SPENDING ACCOUNT (FSA)

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

If you know you are going to incur medical, dental, or vision expenses in the next calendar year, paying for those expenses with a Flexible Spending Account or FSA will allow you to save 30-40% on average. That's because each dollar you contribute into your 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!**

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

*(Actual savings depend on your specific tax brackets)*

## How does an 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 pay for expensive items like surgery, medical equipment, braces, etc. So the FSA really functions like a 12 month, interest and tax free, financing program.

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

Every year you will need to spend the money you contribute into your FSA, otherwise, you will forfeit any unused funds. ONLY up to \$500 will roll over into the next calendar year, and it only rolls over one time.

Tip: only contribute money into your Flexible Spending Account for predictable Medical, Dental, and Vision expenses. If you KNOW you get the same prescriptions every month for \$30, you should be paying for those drugs with your Flexible Spending Account. So, anything you can confidently predict, you should pay for it by using your FSA. Things like:

- Monthly prescriptions
- Regular doctor or Dental exams
- Over the counter medications
- Eye glasses
- Insulin
- Chiropractic adjustments
- Scheduled surgeries
- Expected maternity and hospital costs
- Braces
- Lasik eye surgery
- and so much more!

Just about anything for Medical, Dental, or Vision care is allowed for you and your dependents. See a list of generally permitted medical and dental expenses.

## **If you haven't used all your FSA funds, you get a "run out" period and "roll over" up to \$500.**

When the year ends, you have 45 days, or a "run out" period to submit claims for the previous plan year, until February 15th. For example; if you have an eligible FSA expense on December 31st, you can turn in a receipt for reimbursement up to February 15th of the next year. On February 16th, up to \$500 dollars of your unused funds will roll over for the next plan year.

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

When you enroll in an FSA with Insurance Savings Group, you will receive two ISG Benefits Debit Cards in the mail for you and your spouse to use. We encourage you to use your benefits card for all FSA expenses. Keep track of your account balance by logging into your member portal at [www.joinisg.com](http://www.joinisg.com) or by using the smart phone app, ISG admin.

If you forget your ISG Benefits 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 Benefits Debit Card, you will need to submit an itemized receipt.**

Every time you use your ISG Benefits 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.

## **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