

**Please note:** This is not an enrollment form. Use this worksheet to calculate the estimated annual amount you'll allocate on your enrollment form. It is for your records only.

## Calculate Your Monthly Expenses

<b>A. Health FSA</b>		<b>B. Dependent Care</b>	
Monthly health insurance deductibles. . . \$	_____	What do you pay per month for dependent childcare or eldercare while you and/or your spouse work, look for work, or attend school? . . . . . \$	_____
Monthly co-insurance and co-pays . . . . . \$	_____		
Monthly vision care . . . . . \$	_____		
Monthly dental care. . . . . \$	_____		
Monthly prescription drugs . . . . . \$	_____		
Monthly subtotal . . . . . \$	_____		
		<b>C. Health Insurance Premiums</b>	
		_____	\$ _____

## How Do I Save?

To calculate your income tax savings, take-home pay, and monthly savings, fill in the data from A, B, and C in both the pre- and posttax rows in the right hand column.

	Sample Without FSA	Sample With FSA	Your Calculation
1 Gross monthly salary	\$ 2,000	\$ 2,000	_____
2 Health FSA expenses (from <b>A</b> above)	\$ 0	\$ 50	_____
3 Dependent care (from <b>B</b> above)	\$ 0	\$ 400	_____
4 Health insurance premiums (from <b>C</b> above)	\$ 0	\$ 200	_____
5 Adjusted salary (subtract lines 2, 3, and 4 from 1)	\$ 2,000	\$ 1,350	_____
6 <b>Income tax</b> (estimated at 22%; multiply line 5 by .22)	\$ 440	\$ 297	_____
7 Net salary (subtract line 6 from 5)	\$ 1,560	\$ 1,053	_____
8 After-tax healthcare (from <b>A</b> above)	\$ 50	\$ 0	_____
9 After-tax dependent care (from <b>B</b> above)	\$ 400	\$ 0	_____
10 After-tax premiums (from <b>C</b> above)	\$ 200	\$ 0	_____
11 <b>Take-home pay</b> (subtract lines 8, 9, and 10 from line 7)	\$ 910	\$ 1,053	_____
12 <b>Monthly savings</b> (add lines 2, 3, and 4 and multiply by .22)		\$ 143	_____
13 <b>Annual savings*</b> (multiply line 12 by 12)		\$ 1,716	_____

Reimbursement for limited flexible spending accounts is limited to vision and dental expenses and sometimes preventive care. This list is not comprehensive and is subject to change. Additional restrictions may still apply. For a more extensive list of eligible expenses, see our Examples of Eligible Expenses at [https://psa.pacificsource.com/Forms\\_Flex.aspx](https://psa.pacificsource.com/Forms_Flex.aspx).

## Generally Reimbursable Expenses

Acupuncture and chiropractic	Co-insurance and deductibles**	Dental and orthodontia
Bandages and first aid kits	Contact lenses, solution, and	Immunizations and vaccines
Blood glucose and pressure monitors	reading/prescription glasses	Sunscreen (SPF 15+ or broad spectrum)

\* Assumed 22% federal and FICA taxes combined. In states with income tax, savings may be as high as 44% depending on your tax bracket.  
 \*\* Co-insurance and deductibles are only reimbursable if not reimbursed by another source (e.g., secondary insurance).

# FSA Participant Guide



A Flexible Spending Account (FSA) is a cafeteria plan that allows you to receive certain benefits on a pretax basis. PacificSource Administrators (PSA) offers several FSA options to help save you money. The pretax contributions may be used for qualified healthcare and childcare expenses for you and your tax dependents. They also allow you to pay for your group's sponsored insurance premiums on a pretax basis. Depending on your tax bracket and state residence, you could save 22% or more in taxes.

## Understanding and Enrolling in an FSA

- Read this guide to understand the FSA features your employer is offering.
- Attend your employer's benefit meeting, if offered.
- Estimate your expenses using the FSA Expense Allocation Worksheet, provided in this guide.
- Complete and sign the enrollment form, and submit it to your Human Resources Department before your plan year begins.

## FSA Plans

We offer the following plan types. Plan availability is based on what your employer chooses to offer.

### Premium Payment Component

Your employer will deduct your portion of the group-sponsored insurance plans, including premiums for medical, dental, vision, hospitalization, and accident insurance, and/or other qualified benefits your employer offers. This benefit effectively

reduces the net cost of your insurance premium. Your premium will be paid directly to the insurance carrier from your gross salary, before taxes.

### DCAP Component

The DCAP Component, also known as a Dependent Care Expense Account (DCE), allows you to set aside pretax dollars for qualified individuals, including dependents under the age of 13 and eldercare expenses incurred while you and your spouse are at work or school. A DCE account is funded on an accrual basis, meaning funds become available when employee payroll deductions are received and posted by PSA. In many cases, this will be a better benefit for you than the federal tax credit. Deductions for DCAP will be reflected on your W-2 and will be used to calculate your dependent care benefits on your taxes.

### Health FSA Components

There are three Health FSA components. With all three accounts, your entire Health FSA contribution is available on the first day of your plan year. If you have a large medical bill early in your plan year, you can submit a reimbursement claim immediately. Payroll contributions will be deducted from your

### Questions?

Our Customer Service team is happy to help. For more information about FSA details, please refer to your Plan Document and Summary Plan Description.

Direct: (541) 485-7488  
Toll-free: (800) 422-7038

### Email

psacustomerservice@pacificsource.com

**PacificSource.com/PSA**

paycheck in equal amounts throughout the year to fund the account.

**General-Purpose Health FSA:** A General-Purpose Health Flexible Spending Account is the most common Health FSA Component. We also refer to it as a Health Related Expense Account (HRE). This plan allows you to set aside pretax dollars to use toward reimbursable healthcare expenses, including medical, dental, vision and preventive care expenses. You must be eligible for your group-sponsored insurance, and neither you nor your tax dependents may be covered under a Health Savings Account.

**Limited-Purpose Health FSA (LFSA):** An LFSA is available when employees or their family members are covered under a Health Savings Account (HSA) with active contributions. It allows you to set aside pretax dollars to use toward reimbursable dental, vision, and preventive care expenses.

**Limited-Scope Health FSA (LSFSA):** An LSFSA is available for employees who are not eligible for their employer's group-sponsored health plan and are not enrolled in any employer's group-sponsored health plan. It allows you to set aside pretax dollars to use toward reimbursable dental and vision expenses.

## Frequently Asked Questions

### General Questions

**How will I know what items and services are covered under the FSA accounts?**

We've provided a brief list of eligible expenses on the last page of this guide. You can also view our list of eligible expenses at [PSA.PacificSource.com/Eligible\\_Expenses.aspx](https://www.pacificsource.com/Eligible_Expenses.aspx). If you have any questions about an item you don't see listed, please call Customer Service at (800) 422-7038.

**When can I submit a claim?**

You can submit claims for services and expenses received during your plan year.

**Who can I claim expenses for?**

You can use your account to pay for products and services for you, your spouse, and tax dependents. IRS regulations currently state that domestic partners and their children are not eligible under an FSA unless considered the employee's dependent.

**How soon can I submit claims?**

Once enrolled, you may submit claims at any time during the plan year. There is a 90-day runout period where you may submit claims after your plan ends for eligible expenses that occurred during the prior plan year.

**How do I submit a claim?**

Complete and sign a Request for Reimbursement form, or sign into MyFlex to submit a claim electronically. To sign into MyFlex, visit [PSA.PacificSource.com](https://www.pacificsource.com).

**Do I need to send receipts when requesting reimbursement?**

Yes, the IRS requires documentation of expenses along with the Request for Reimbursement form. Documentation can include a copy of the explanation of benefits (EOB) from your insurance carrier or a medical bill, which must include the date(s) of service, a brief description, amount paid, and patient responsibility.

**When will I receive reimbursement?**

Reimbursements take about a week from the date we receive the request, as long as proper documentation is included. Dependent Care claims may be pending depending on the status of your contributions.

**How will I receive reimbursement?**

Reimbursements are issued by check. You can sign up to have reimbursements deposited directly into your bank account by entering your direct deposit information on MyFlex or filling out an Authorization Agreement for EFT/Direct Deposit form and sending it to PSA with a canceled check. This process may take up to 10 business days, and a check may be issued in the meantime.

**What if I have a balance left in my account at the end of the year?**

Under current IRS regulations, you either need to use the funds for services during your plan year or you will forfeit them. In some instances your plan may permit a Grace Period or Health FSA Carryover Provision. See your HR department or Summary Plan Description to learn more.

We'll send you a year-end reminder letter letting you know how much you need to claim before the plan year ends, but it's your responsibility to keep track of the remaining balance so that you use the funds during the time allotted.

### Know the Rules

The IRS regulates FSAs and there are many regulations governing the Section 125.

- Plan maximums are determined by the IRS and change from year to year.
- Remember, double dipping is not allowed, so you can't use DCAP and the full Dependent-Care tax credit. But families with multiple kids can max out the DCAP benefit and still take a Dependent-Care credit for the difference.

For more information, please refer to your Summary Plan Description.

**Can I change my election mid-plan year?**

You will have the opportunity to make a new election each plan year, but the IRS limits you to one election per year. Once you've made your decision, you won't be able to change it during the plan year, except under certain conditions. If you want to change your election, you must determine whether your plan allows changes, establish that the change is due to a qualifying event, and show that the change is "consistent with the event." (Refer to your Summary Plan Description for a list of allowable changes under each account.)

**What does "consistent with the event" mean?**

Under the general consistency rule, an election change must be "on account of and correspond with a change in status that affects eligibility for coverage under an employer's plan."

### Premium Payment Component Questions

**What are the benefits of participating in the Premium Payment Component?**

By participating in the Premium Only Plan, you can save in federal, state, and FICA taxes. Depending on your tax bracket and state residence, you could save 22% or more in tax savings.

**Do I need to send receipts to request reimbursement?**

You don't need to request reimbursement for premiums to be taken on a pretax basis. Your deductions are sent directly to the carrier by your employer.

### DCAP Component Questions

**What happens if my claim amount is greater than the balance in my DCAP account?**

We'll reimburse you up to the amount available in your DCAP FSA and hold off on reimbursing the remaining expense until you've contributed additional funds to your account.

**How do reimbursements for recurring expenses work?**

1. Complete our Dependent Care Recurring Expense Form.
2. Have your dependent care provider complete their portions of the form.
3. Send us the completed form via MyFlex, fax, or mail.

Once you've set this up, you won't need to submit additional documentation. As we receive payroll contributions for your DCAP, we'll automatically generate recurring reimbursements based on the rate provided. The arrangement is valid for the duration requested or for the current plan year, whichever is less. If you need to make a change to your recurring reimbursement before the plan year is over, simply submit a new form, and we'll make the adjustment.

**What are examples of a DCAP election change that are consistent with an event?**

A DCAP election change permits special consistency allowances if the change is on account of and corresponds with a change in cost, coverage, or status event.

A DCAP election may be decreased or end when a child turns age 13; if the child is switched from a paid provider to lower cost or free care; or if there is no longer care in the case of a "latchkey" child.

A DCAP election may be increased when a new dependent is added, or if the cost of the provider increases.

### Health FSA Questions

**Can I participate in the Health FSA if I'm not enrolled in my company's health plan?**

You can still participate in the Health FSA if you're eligible for your employer's benefits. Your employer has certain eligibility requirements for all benefits. Your HR department can assist you.

**When do I have access to my FSA funds?**

Once you make your election during open enrollment and are entered in our system, you have access to the entire annual election at the beginning of the plan year. Your employer will then deduct the election amount from your paychecks in equal amounts throughout the year and will pass those funds to PSA for deposit in your account.

**What are examples of a Health FSA election change that are consistent with an event?**

If upon marriage your eligibility and benefits change under an employer's plan you may increase or decrease your health FSA, although marriage does not automatically permit a change.

If your spouse terminates employment and loses health insurance coverage you may increase your health FSA.

### About Us

PacificSource Administrators offers a broad range of administrative benefits services, including self-funded insurance plans, Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), Premium-only administration, and COBRA/Retiree administration. We've been serving the Northwest since 1987. We pride ourselves on providing full program administration for the employer, informing employees as to how they will benefit, and providing education and prompt service to participants.

