

What is FLEXIBLE SPENDING



A Flexible Spending Account is a special account you put money into that you use to pay for certain out-of-pocket health care costs for you, your spouse, and your eligible dependents.

Money is set aside from your paycheck before taxes are taken out. You can then use your pre-tax dollars to pay for eligible health care expenses throughout the current plan year.

The annual limit is up to \$2700 or what your employer has elected. Your funds are available on the first day of the plan year.

A Medical FSA can be used to cover:

- Insurance deductibles
- Co-payments and coinsurance
- Prescriptions
- Dental and vision expenses



SAVINGS

Real Savings, Real Simple.

Even with just a few hundred dollars of expenses, you'll be surprised at how much you can save. For example, an average family of four in the U.S. can expect to pay close to \$3,500 in out-of-pocket medical expenses. An individual contribution to an FSA is a maximum of \$2,700 per plan year, so if two wage earners in the family each set aside \$1,750 in a healthcare FSA, that's a tax savings of nearly \$1,000 for the family.

The chart below illustrates potential savings:

Out-of-Pocket Expenses	Annual Average	Taxes Saved (27% Tax Bracket)
Physician	\$1,110	\$299
Inpatient Hospital	\$1,115	\$301
Pharmacy	\$555	\$150
Outpatient Hospital	\$560	\$151
Other	\$130	\$35
Total	\$3470	\$936

1 According to the U.S. Internal Revenue Service guidelines, each employee can contribute a maximum of \$2,700 per plan year. For more information, visit <http://www.irs.gov/>

2 Tax savings are dependent upon your annual income and tax bracket. Example for demonstration purposes only.