FLEXIBLE SPENDING
HEALTH CARE SPENDING FAQ

Flexible Spending Accounts are designed to supplement other benefits provided by your employer. Your plan document outlines additional eligibility requirements and rules as defined by your plan.

Frequently Asked Questions

How do I enroll in a Flexible Spending Account?

An employee may enroll in a Flexible Spending Account during their employer's enrollment period. At that time they can decide how much money (as determined by your plan within IRS regulations) to put into your account during the applicable year. Generally, the amount you chose will be divided by the number of paychecks in the year and deducted from your paycheck each pay period on a pre-tax basis.

What are the advantages of a FSA Account?

With Flexible Spending, your gross taxable income (that income subject to federal taxes) is reduced. The eligible healthcare expenses that are not covered by your medical, dental, or vision plans estimated cost of health care expenses, previously purchased with after-tax dollars, are now deducted from income before federal taxes are calculated. A substantial increase in take-home pay can result. Please consult a tax professional for questions regarding income tax preparation.

A Health Care Flexible Spending Accounts (FSA) allows employees to set aside money for certain out-of-pocket medical expenses on a pre-tax basis.

How does this work?

Your elections are payroll deducted and placed in a special account for reimbursements to be issued as claims are incurred. During the year, participants must submit eligible health expenses to the J.P. Farley Corporation for reimbursement.

If your employer offers the BennyCard debit card, the card may be used for eligible expenses from qualified vendors. Participants who also participate in a Health Savings Account (HSA) or Health Reimbursement Account (HRA) arrangements, must be careful to follow more restrictive rules as defined by your benefit plan, the IRS and other regulations.

How much can I contribute?

Your employer sets the maximum and minimum contributions as defined by IRS rules. Dependent Care Accounts follow the allowed limits set by IRS requirements. Individual plan limits are outlined in your plan document. Participant elections are payroll deducted and placed in a special account for reimbursements to be issued as claims are incurred. Participants are not able to change their elections unless they experience a qualifying even (i.e. marital status change, change in number of dependents) as outlined by the plan.

Can I change my election?

Participants cannot change their individual elections unless they experience a qualifying event (i.e. marital status change, birth, etc.) as outlined by the plan and IRS guidelines.

If You Have Questions, Contact Us
800.634.0173 • www.jpfarley.com • benefits@jpfarley.com

J.P. FARLEY CORPORATION

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How do I receive my reimbursement?

SAVE YOUR RECEIPTS! The IRS requires proof of expenses. Even if you do not need to submit a receipt for reimbursement (i.e. when using a debit card) you may be asked to show proof of purchase (substantiation) at a later date.

Reimbursements may be requested by fax, email or by US mail by submitting claim forms and supporting documentation to J.P. Farley, the administrator of this benefit. Supporting documentation for reimbursement must include the dates of service, provider, type of service and the amount. After the claim has been reviewed and the expense approved, payment is then issued to the participant via direct deposit or a check. J.P. Farley has Reimbursement Forms available online at www.jpfarley.com or through your employer for your convenience.

Participants in a Health Care Spending Account are able to receive their full election amounts anytime during the plan year by properly substantiating their claim.

What costs are considered eligible expenses?

An eligible expense is any healthcare or dependent daycare expenses approved by the IRS for reimbursement through the plan. Eligible expenses include items and services incurred by the participant, their spouse or any eligible dependent.

Expenses generally included medical expenses that are allowed for income tax deductions (IRS publication 502), including:

- Copayments or coinsurance for the employee's health plan
- Expenses not covered by the health plan, such as dental and vision expenses
- Over-the-counter drugs and medical items

Expenses reimbursed through an FSA can not be itemized or resubmitted through an income tax return or any other tax advantaged account. Please refer to dependent care frequently asked questions for addition information on these types of accounts.

What happens if I have money left over?

Reimbursements can only be issued for eligible expenses incurred by participants' dependents. Because of IRS rules any money remaining in your account at the end of the plan year and after the corresponding grace period (if applicable to your plan) will be forfeited. This is known as the "use it or lose it" rule. Please refer to J.P. Farley's Flexible Spending Account Worksheet for help estimating your FSA contributions for the year.

Where can I learn more?

Section 125 of the Internal Revenue Code contains the most complete information on Flexible Spending Accounts. We make every attempt is made to keep this information up-to-date as periodic changes in legislation by the IRS, FSAs are affected by other legislation as well. J.P. Farley's team of benefit specialists will be happy to assist you with any additional questions you may have.

* This information is not intended to replace the health plan document or legislated guidance. Check your health plan for specific coverages.