



## Flexible spending accounts... a benefit for the entire family

Did you know there's a way to pay your health and dependent care expenses and save money at the same time?

By enrolling in the flexible spending account (FSA) plan offered by WWT, you can set aside pretax dollars to pay for health and dependent care expenses not covered by your other employee benefit plans. That means more money for you and your family!

Your deductions are taken in equal installments from your paycheck over 24 pay periods. Those deductions are then used to reimburse you from your health and dependent care expenses. Since the deductions are taken before taxes, your taxable income is reduced, meaning you pay less in federal income and Social Security taxes.

### How does FSA with debit card work?

At the beginning of your benefits plan year, you will decide how much money to contribute to your health care FSA. Your contribution amount for health care expenses is assigned to your debit card for you to purchase qualified medical expenses not covered by your insurance/benefit plan.

*Continued inside...*

#### How Pretax Dollars Equal Savings for Employees

	Without Flex Plan	With Flex Plan
Your Annual Income	\$40,000	\$40,000
Contribution to Flex Account (before taxes)	\$0	\$2,000
Tax Deduction (estimated at 30%)	\$12,000	\$11,400
After Tax Income	\$28,000	\$28,600
<b>Increase in Take-Home Pay with Flex</b>	<b>\$0</b>	<b>\$600</b>



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## How do I use the debit card?

The card can be used for most qualified medical, dental and vision out-of-pocket expenses. Over-the-counter supplies that are eligible under the FSA may also be reimbursed with the card, including Band-Aids, contact lens solution and insulin.

Over-the-counter medicines that require a prescription will need to be paid for out-of-pocket and then a claim can be submitted manually to UMR for reimbursement.

**Please be sure to include a copy of the itemized receipt with the prescription.**

### Here's how it works

Here's an example of how you can reduce your taxes and increase your take-home pay by enrolling in a UMR flexible spending account

You deposit	<i>\$1,000 in your FSA</i>
You save	<i>\$200 in federal income tax*</i>
You save	<i>\$76 in FICA taxes**</i>
<b>You take home</b>	<b><i>\$276 in yearly tax savings</i></b>

\*Assumes federal income tax rate of 20%

\*\*Includes Social Security tax rate of 6.2% and Medicare tax rate of 1.45%

## What happens if I use my debit card incorrectly?

Since you are required to save your receipts, we may request documentation to substantiate a questionable purchase. Failure to respond to these requests may result in card deactivation. Misuse of the card will require reimbursement to your employer for ineligible expenses and may result in payroll deduction.

## What expenses will my health care FSA cover?

The health care spending account can be used for a variety of expenses that may not be covered by any other source, including the following examples:

- Health coverage deductibles and copayments
- Eye exams, glasses, contacts and corrective laser eye surgery
- Dental care, including braces
- Routine physicals, X-rays and lab fees
- Prescription medication copayments
- Prescribed over-the-counter medications that alleviate or treat injuries or sickness, such as antacids, cold medicines, pain relievers/aspirin, etc.

## What expenses will your dependent care account cover?

The dependent care spending account allows reimbursement for work-related expenses up to \$5,000 annually per household, including the following examples:

- Day care for children under 13 by babysitters, day care centers, nursery schools/preschools (if the primary purpose of the expense is to care for the child rather than educational purposes)



- In-home services performed by a full-time, live-in housekeeper who cares for qualified individuals
- Service for family members who cannot take care of themselves and who are dependent on you for more than half of their support. If the care is provided outside the home, the dependent must spend at least eight hours a day in the home

### How you save money with a dependent care account

Here's an example of how you can reduce your taxes and increase your take-home pay by enrolling in a UMR dependent care flexible spending account:

Dependent Care Account	
Deposits (Reduction in Taxable Income)	\$4,000
Federal Income Tax Savings*	\$800
FICA Tax Savings**	\$306
Yearly Tax Savings, Increase in Take-Home Pay	\$1,106

\*Assumes federal income tax rate of 20%

\*\*Includes Social Security tax rate of 6.2% and Medicare tax rate of 1.45%

**Important note:** Your eligible expenses are listed in your plan document.

### Plan carefully

To maximize the advantages of participating in the FSA program, consider your health and dependent care expenses carefully and estimate your future expenses as closely as possible. (We've included worksheets in this document to help you.)

You can also visit our UMR member Web site ([umr.com](http://umr.com)) and use the online FSA calculator to help you determine how much money to allocate for the upcoming year.

All expenses reimbursed by the FSA must be health and dependent care services received during the plan year. Most plans allow members 120 days after the plan year ends to submit expenses for services received within the plan year. Funds not requested within those 120 days will be forfeited. In other words: you use it or lose it.

Your plan has a grace period in place from Jan. 1, 2018 – March 15, 2018. This means you can incur claims after the end of the plan year and be reimbursed from your previous year's account balance, if you have one.

Once you've selected the amount to be deducted from your pay, you cannot change the amount during the year unless you have a qualified change in status that's permissible under your benefit plan and IRS regulations, such as a change in:

- Marital status
- Dependent status
- Employment status
- Benefits coverage

### Determining your FSA expenses

Take time to plan your expected expenses during the coming year. It could save you money. These worksheets give you a tool to determine how much to contribute to your FSA. Please refer to your plan document for details on your particular benefit plan.

*(FSA worksheets on back)*

## Health care spending account worksheet

This account covers health-related expenses not paid by your medical or dental plans. Due to health reform law, your maximum health care FSA election for 2018 is \$2,650. Please refer to your benefit plan as you complete this worksheet. The following expense items may or may not be covered by your plan:

Expense	Cost Estimate	Expense	Cost Estimate
Medical and dental care plan deductible(s)	\$	Prescribed over-the-counter medications that alleviate or treat injuries or sickness, such as antacids, cold medicines, pain relievers/aspirin, etc.	\$
Your share of medical and dental plan expenses above the deductible amount (co-payments)	\$		
Amounts over the customary allowances	\$	Routine physical exams	\$
Medical, dental, vision and hearing care expenses not covered by the plan	\$	Other health-related expenses, such as travel	\$
Eye glasses and contacts	\$	<b>Total estimated annual health care expenses</b>	\$
Hearing aids	\$	<b>Total estimated annual health care expenses divided by the number of pay periods during the plan year</b>	\$
Prescription medicines	\$		(Per payday contribution)

## Dependent care spending account worksheet

Dependent care expenses cover expenses not claimed on your income tax return, up to a maximum of \$5,000 per household. You must decide whether to use the FSA or claim the tax credit. Please review the terms of your benefit plan as you complete this worksheet.

Expense	Weekly Cost	X	Number of Weeks	Cost Estimate
Day care for children younger than age 13	\$	X		\$
Day care for a dependent older than age 13 (such as a parent or spouse) who is incapable of self-care due to mental or physical disability	\$	X		\$
<b>Total Estimated Annual Dependent Day Care Expenses</b>				\$
Maximum of \$5,000, divided by number of pay periods during the plan year				\$



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