

Flexible Spending Accounts

A Flexible Spending Account (FSA) is a great way to save money. You never pay taxes on this money as long as you use it to pay eligible expenses, so it boosts your spending power.

There are two different types of FSAs, and you can enroll in either or both. Both are administered by WEX, formerly known as Discovery Benefits. You decide how much to contribute to each FSA on a plan year basis, up to the maximum allowable amounts. Your annual election will be divided by the number of pay periods in the plan and deducted evenly on a pretax basis.

When you enroll, plan your contributions carefully. **The minimum contribution to the Health Care FSA is \$130.00.** You cannot stop or change your FSA contribution(s) during the plan year unless you experience a qualifying life event.

Our Health Care FSA has a 2½ month grace period (through March 15 of the following year) to incur expenses after the close of the plan year, while the Dependent Care FSA only allows expenses to be incurred during the plan year. Both have a claim filing deadline of 120 days after the end of the plan year (April 30, 2024).

Important: Think carefully about your contribution amount! FSAs are subject to the IRS “use it or lose it” rule, meaning any unused funds remaining in your account(s) after these deadlines will be forfeited.

Remember: You must actively elect to contribute to your FSA every calendar year if you want to continue participating. Elections from prior years will not rollover.

Health Care FSA

With a Health Care FSA, the entire election amount is available on the first day of the plan year. That makes an FSA a great tool for saving money, especially when big expenses are anticipated. Common eligible expenses are prescriptions, hearing aids, orthopedic goods, doctor and dentist visits, chiropractic care, orthodontia and even laser eye surgery.

For 2023, you can contribute up to **\$2,850** annually in your Health Care FSA.

Dependent Care FSA

A Dependent Care FSA allows you to put money aside for work-related dependent care for children up to age 13, a disabled dependent of any age or a disabled spouse. You may receive reimbursement up to the balance in your account at the time the request is made. To be eligible for a Dependent Care account, you and your spouse must work, be looking for work or be full-time students. Common eligible expenses are daycare, before and after school care or extended day programs, back up emergency care and adult daycare.

You will need to consider whether it is more beneficial to use the Dependent Care FSA or the Child and Dependent Care Credit on your federal income tax return. You cannot utilize both tax savings.

You can contribute up to \$5,000 to your Dependent Care FSA in 2023 if you are single or if you are married and file a joint income tax return. If you are married and your spouse files a separate tax return, the most you can contribute is \$2,500.

Note: The IRS allows pre-tax contributions to Flexible Spending Accounts as long as the plan does not favor highly-compensated employees (HCE) as defined by the IRS. To ensure our plans remain compliant with this provision, you will not be allowed to enroll in the Dependent Care FSA if your salary is **\$135,000** or more.

WEX Debit Card

The WEX debit card is the fastest and most convenient way to pay for eligible expenses. The debit card makes it easy to access funds in your pre-tax account, reducing your out-of-pocket costs. At many merchants, it also simplifies the way expenses are verified for eligibility.

Swipe your debit card to instantly pay for eligible expenses with funds from your account. Occasionally, documentation will be needed to verify the eligibility of an expense paid for on your debit card. Even places like doctors' and dentists' offices may require you to submit documentation because some expenses available at these facilities may not be IRS-eligible (e.g., cosmetic procedures, teeth whitening).



Submitting Receipts and Filing Claims

The IRS requires FSA participants to provide documentation to show that an expense is FSA-eligible.

When submitting documentation for a debit card transaction, an Explanation of Benefits (EOB) from your insurance company will typically be your best bet, as it contains all the information you need to substantiate a claim. But, when in doubt, the IRS has identified the criteria for what needs to be included when submitting documentation for eligible expenses:

To find out which specific expenses are eligible, view the searchable eligibility list at www.wexinc.com/insights/benefits-toolkit

- Name of the provider/merchant
- Date(s) of service
- Type(s) of service
- Amount (after insurance, if applicable)
- Name of person who received the services (if the account covers dependents)

You can file claims and submit documentation in seconds using the WEX mobile app. Just use your phone's camera to take pictures of your documents and upload them on the spot. You can also file claims and submit documentation through your WEX online account or via fax or mail.

No matter which method you use, WEX will process your claim in just two business days!

