

Save More Worry Less



What is a Flexible Spending Account (FSA)?

An FSA account is an employer sponsored benefit that allows you to pay for eligible expenses on a pre-tax basis. There are two account categories: Health Care FSA (HCFSA) and the Child/Dependent Care FSA (DCFSA).

How Does it Benefit Me?

An FSA saves you money. The contributions you make to an FSA are deducted from your pay **BEFORE** Federal, FICA and State Taxes are calculated, and are not reported to the IRS as taxable wages. The end result is that you decrease your taxable income and increase your spendable income.

You can save around 30% of your hard-earned money!

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CA LIC. #OG76414

You can choose to participate in one or both of these FSAs:

Health Care FSA

HCFSAs allow you to spend tax-free money to pay for a wide range of out-of-pocket health care costs. The full annual amount you elect is immediately available, so you don't have to wait until your paycheck contributions have added up to get the care you need.

Child/Dependent Care FSA

A DCFSA allows you to use tax free monies to pay for child or dependent care expenses so you can work. DCFSA funds are available as they are deducted from your payroll.

How FSAs Work:

1 Estimate your upcoming plan year expenses.

This will help you determine the total for your FSA contributions.

Go to **PAYPROtpa.com** for worksheets and tools to help calculate your expenses.

2 Tax free money from each paycheck goes into your FSA.

Your election amount will be deducted evenly out of each payroll check and placed into your FSA.

3 Access your funds by submitting a claim for reimbursement or use the PAYPRO Benefits Card™ to pay for the expense.



The PAYPRO Benefits Card™ is a Debit card tied to your FSAs. If your plan offers the card use it for payment, and the funds will automatically be paid from your account.

Please read the cardholder agreement. Always obtain and save itemized receipts as they may be requested. Failure to provide these items may result in card suspension per IRS requirements.

4 Download the mobile app or check your balance and claims at pagroup.us

Keep more of your hard-earned money!

Election amounts can not be changed mid-year unless you experience a qualifying event.

Health Care FSA

Flexible Spending Accounts (FSA) reduce your taxable income by setting aside pre-tax dollars to pay for eligible healthcare expenses.*

Each plan year you select a specific amount to contribute to your HCFSA. Your election amount will be deducted evenly out of each payroll check and placed into your FSA. You can then use the funds to pay for eligible expenses.

A big perk to the HCFSA is that **it is pre-funded, meaning that you will have access to your full annual election amount at the very beginning of the plan year**, regardless of the amount contributed to date. That is like having a tax-free, interest-free loan to help you pay for healthcare expenses.

Who's Covered

The HCFSA covers eligible expenses for you and your dependents, even if they are not covered under your primary health plan.

What's Covered*

For a complete list of eligible expenses go to www.PAYPROtpa.com

Examples of Eligible Expenses:

- Allergy Medicine**
- Bandages
- Blood Pressure Monitors
- Chiropractic Care
- Cold Medicine**
- Condoms/Birth Control
- Contact Lenses & Cleaners
- Copays, Co-Insurance & Deductibles
- Dental Care
- Dental Implants
- Diabetic Supplies
- Eyeglasses
- First Aid Kits
- Hearing aids
- Laser Eye Surgery
- Orthodontia
- Over the counter (OTC) drugs and medicines
- Pain Relievers**
- Pregnancy Tests
- Prescription Drugs
- Smoking Cessation Programs**
- Sunscreen SPF 15+

Examples of Ineligible Expenses:

- Elective cosmetic treatments
- Teeth whitening
- Insurance premiums
- HSA contributions

*Plan designs vary amongst employers. Refer to plan documents for year end options, limits, and eligible expenses.

** Over the counter drugs and medicines are eligible for reimbursement.

Child/Dependent Care FSA

Participating in a Child/Dependent Care FSA is like receiving a 30% discount from your care provider.*

A Child/Dependent Care FSA (DCFSA) is a flexible spending account that allows you to set aside pre-tax dollars for dependent care expenses. Since DCFSA contributions are deducted from your paycheck pre-tax, your taxable income is reduced. **Participants enjoy a 30% average tax savings on their annual DCFSA contribution.**

Qualifying Dependents

Your qualifying child under the age of 13, who shares the same residence with you, or your spouse or qualifying child or relative who is physically or mentally unable to care for him/herself who shares the same residence with you and has income less than the federal exemption amount.

Annual Contribution Limits

The IRS limits annual contributions to $7,500 on income tax returns for single or married persons filing jointly, and $3,750 for married individuals filing separately.

The IRS $7500 maximum is a plan year, calendar year and household maximum amount.

What's Covered*

For a complete list of eligible expenses go to pagroup.us:

Examples of Eligible Expenses:

- Cost for the care of your eligible dependents while you are at work.
- Before school or after school care (other than tuition)
- Custodial care for dependent adults
- Private sitter or day care provider
- Licensed day care centers
- Nursery schools or pre-schools
- Day camp & summer or holiday day camps

Examples of Ineligible Expenses:

- Expenses for children 13 and older (unless physically/mentally unable to care for him/herself).
- Care provided by a relative that lives in your household or your dependent under the age of 19.
- Educational expenses including kindergarten or private school tuition fees.
- Overnight camp expenses

*Plan designs vary amongst employers. Refer to plan documents for year end options, limits, and eligible expenses.

Unused Funds

Every FSA plan is different—

Ask your employer which option(s) applies to your plan at year end:

1 Use it or Lose it

Any remaining funds are forfeited at year's end.

2 2—1/2 month Extension

This allows you to spend "old plan year" dollars during the first two and a half months of the new plan year.

3 Carry Over

Unused HCFSA funds up to $680 will be carried over to the next plan year (must be an active employee).

Carry Over Amount is limited to 20% of the IRS annual HCFSA Limit.

Expenses must be incurred during the plan year—which is the date of service—in order to be considered eligible for that plan year. The 'incurred' date is the actual date of service—not when the expense was billed or paid.

At the end of the plan year, you may have a grace period in which you can submit claims. The grace period, if any, is outlined in your plan documents.

The HCFSA may be subject to COBRA through the remainder of the plan year.

Questions?

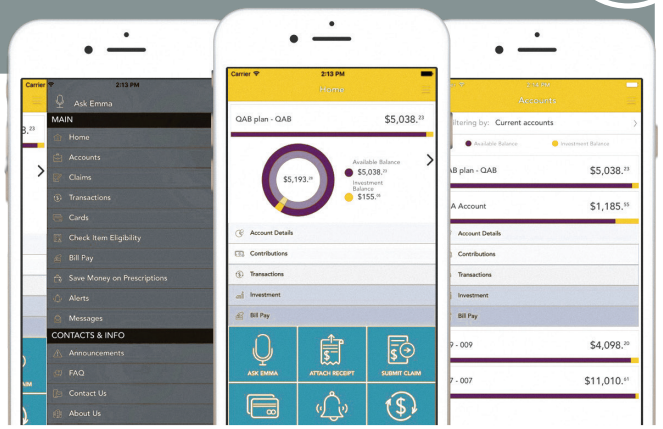
phone: **951.656.9273 • 800.427.4549**

PAYPROtpa.com

The PayPro app makes it easy for you to:

Check Account Balances

View Status of Claim



Keep Track of Expenses

Submit Your Claim

Download the app at your app store!

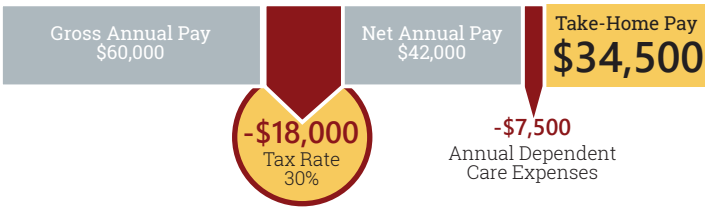
If you and or your family contribute to an HSA, you may be able to participate in a limited purpose FSA. See employer for details.

Why should I enroll?

You'll save on average 30% on every dollar you pre tax. Imagine how much you can save in five years!

Examples*:

Without DCFSA

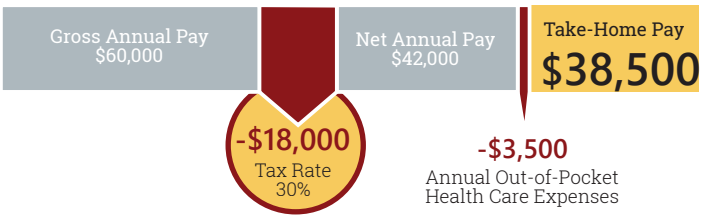


With DCFSA



You could save up to **$2,250** per year by participating in the DCFSA

Without HCFSA



With HCFSA



You could save up to **$1,050 annually** by participating in the HCFSA

*For illustrative purposes only. Based on 30% average savings. Your tax situation may be different. Consult a tax advisor.

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Phone: 951.656.9273 • 800.427.4549 • fax: 951.656.9276
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