

Flexible Spending Accounts

Questions and Answers

What is a FSA?

A Flexible Spending Account, or FSA, is an important part of your employer's overall benefit package. You can set aside a portion of your earnings, tax-free, for expenses you, your spouse or eligible dependents may have with:

- ▶ Dependent day care expenses
- ▶ Out-of-pocket health care expenses including medical, dental, vision, over-the counter medications and prescription drug expenses.

How does a FSA work?

When you enroll in the FSA plan, the amounts you elect are automatically deducted from your paycheck on a pre-tax basis. The money is held until you have a qualified expense. As you incur qualifying expenses during the year, you simply file a claim with UnitedHealthcare.

What are the benefits of a FSA plan?

The money you set aside is not subject to federal income tax, Social Security, Medicare, and in most cases, state and local taxes. This lowers your taxable income and increases your take home pay.

What expenses qualify?

The IRS allows two separate categories for expenses to be included in the plan.

Out-of-pocket health care expenses

This category covers eligible medical, dental, vision, over-the-counter medications, and prescription drug expenses. It is the most popular FSA category as most every household has these types of expenses.

Dependent care expenses

By enrolling in this category, you save money on dependent care expenses incurred so that you and your spouse, if married, can work, look for work, or attend school on a full-time basis.

Visit www.uhcservices.com for a complete description of each account. While online, you can also view your account balances, claims, and reimbursement information.

How much can I save?

The chart below shows an example in which the employee has both out-of-pocket health care and dependent day care expenses.

Savings example

	with FSA Plan	without FSA Plan
Annual Pay	\$30,000	\$30,000
Pre-tax contribution to FSA Plan		
Health care expenses	\$ 600	\$ 0
Dependent day care expenses	\$4,800	\$ 0
Federal, State, and Social Security taxes*	\$6,802	\$8,295
After-tax dollars spent on eligible expenses		
Health care expenses	\$ 0	\$ 600
Dependent day care expenses	\$ 0	\$4,800
Net available income	\$17,798	\$16,305
Tax savings with the FSA Plan	\$ 1,493	

* Assumes 15% federal tax, 5% state tax, and 7.65% Social Security tax.



This little piggy is worth more

Save hundreds of dollars – and maybe more

Open a Flexible Spending Account

With a Flexible Spending Account (FSA), you save money on eligible health care expenses because you are paying with pre-tax dollars. The money is withdrawn from your paycheck (and placed in your account) before taxes are calculated. The result? You have more take-home pay and money to cover your out-of-pocket health care bills.

You can use your FSA to cover eligible health costs not reimbursed under any other health plan, such as:

- Your share of health plan expenses, like your deductible or coinsurance (the percentage of costs you may be required to pay)
- Eye doctors, glasses and contact lenses
- Dental work, orthodontia and dentures
- Alternative medicine
- Stop-smoking programs
- Qualifying prescription and over-the-counter medications

Start saving! It's easy to set up an FSA

When deciding how much to contribute to your FSA during the year, it's a good idea to be conservative and sign up for less than you think you might spend. IRS rules require that any unused funds at the end of the plan year must be forfeited, which means you will lose any money still in your FSA at the end of the year.

Get started today and stretch your money further!

- ✓ Estimate how much you'll spend during the year.
- ✓ Sign up when you enroll in your company's benefit plan.
- ✓ Decide how much you want to put in your account for the year.
- ✓ Deductions will come out of each paycheck, before taxes are calculated, starting at the beginning of your plan year.

Managing your FSA account is a snap with an integrated, easier experience

Direct deposit

Once an expense is verified as eligible, we'll transfer the funds right into your checking or savings account, whichever you have chosen.

uhcservices.com

Log on to your personal and confidential Web site to see your account balances, view the expenses that have been paid, and see any other account information.



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M42737-B 11/07 Consumer ©2007 United HealthCare Services, Inc.