



City of Peabody

Flexible Spending Accounts





Health Care Reimbursement Account (Health FSA)

For your family's out-of-pocket medical, dental, vision and hearing expenses.

Limited Purpose Health Care Reimbursement Account (LP Health FSA)

For your family's out-of-pocket dental and vision expenses.

Dependent Care Assistance Account (Dependent Care FSA)

For your dependent care related expenses.
(Before and after school care, daycare, etc.)

Flexible Spending Accounts (FSA)

Three accounts are available for you to enroll in.

**LP Health FSA - must be enrolled in the HSA
compatible, High Deductible Health Plan to be
eligible.**



Why Enroll in an FSA?

Give yourself a **raise!**

Increase your spendable income by reducing the amount you pay in taxes.

You don't pay federal, state, or FICA taxes on FSA funds.

Participants save on average \$27 in taxes on every \$100 set aside in an FSA.





Easily Budget Health Care Expenses

Before Enrolling in an FSA (After-Tax)	After Enrolling in an FSA (Pre-Tax)
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Annual Earnings	\$36,000	\$36,000
Annual FSA Election Amount	\$0	-\$1,500
Taxable Income	\$36,000	\$34,500
Approximate Taxes Paid = 27.65%	-9,954	-\$9,539
Annual tax savings by enrolling in an FSA →		\$415



Here's How It Works

1. Decide if you want to enroll in the Health FSA/LP Health FSA, the Dependent Care FSA or both
2. Determine how much you want to spend annually on health care and dependent care expenses

Use the Election Worksheet and Eligible Expenses handout

Refer to you employer's FSA plan maximums for permitted election amounts



Here's How It Works

3. Your employer divides your annual election by the number of pay periods in the plan year

This amount is payroll deducted each pay period on a pre-tax basis

4. Access your FSA funds throughout the plan year to pay for eligible expenses

Use the FSA debit card

Use your own funds and submit for reimbursement



Understanding the Health FSA



Your full annual election amount is available on the first day of the plan year.



Health FSA funds can be used for eligible health care expenses incurred by you, your legally married spouse and your dependents up to age 26.

Even if not enrolled in your employer's medical plan.



If you or your spouse is enrolled in a Health Savings Account (HSA), contributions cannot be made to the HSA if you or your spouse is enrolled in a Health FSA.



Eligible Expenses for the Flexible Spending Health Care Account

Eligible expenses include costs associated with medical, dental, orthodontia, vision and hearing products and services such as:

- Office visits, procedures and services
- Equipment and supplies
- Lab tests
- Imaging (i.e. MRI, CT scan)
- Prescription medications
- Over-the-counter supplies, medicine and drugs

WE HAVE SOME GREAT NEWS!

- Over-the-counter (OTC) medicines and drugs such as cough medicine, pain relievers and allergy medicine **no longer require a prescription to be reimbursed**
- Menstrual care products, such as tampons and pads **are now also eligible**
- Please refer to our FSA Eligible Expense List handout for more examples



Understanding the LP Health FSA



Your full annual election amount is available on the first day of the plan year.



LP Health FSA funds can be used for dental and vision expenses incurred by you, your legally married spouse and your dependents up to age 26.



If you or your spouse is enrolled in a Health Savings Account (HSA), contributions cannot be made to the HSA if you or your spouse is enrolled in a full Health FSA.

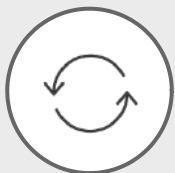
Enrollment in a LP Health FSA does allow for HSA contributions to be made.



Eligible expenses include costs associated with **dental and vision products** and services such as:
EQUIPMENT & SUPPLIES
PRESCRIPTION MEDICATIONS
& MORE
(See out **Limited Purpose Flexible Spending Account Eligible Expense List** for more information)



— Understanding the Dependent Care FSA



Your funds are available as they accumulate through payroll deduction.



Used for dependent care expenses you incur so that you (and your spouse if married) can be gainfully employed or attend school full-time.



Eligible dependents are under the age of 13 or older if physically or mentally incapable of self-care and residing in your home at least half the year.



Eligible vs. Ineligible settings:

✓ **DAY CARE &**

✓ **NURSERIES**

✗ **BABYSITTERS**

✗ **KINDERGARTEN**

OVERNIGHT CAMPS



Using Your FSA Funds

Health FSA Funds: Your full annual election amount is available on the first day of the plan year

Dependent Care FSA Funds: Your funds are available as they accumulate through payroll deduction

Access your funds through one of these methods:

- The Benefit Strategies Debit Card
- Electronic reimbursement request (Benefit Strategies online account and mobile app) or paper reimbursement request
 - 3-5 day typical return time
 - Reimbursements made payable to you, by paper check, or direct deposit
 - You will need to submit receipts for the above reimbursement methods



The FlexExpress Debit Card



A VISA card pre-loaded with your full annual Health FSA election amount. Dependent Care funds added as deducted from your pay.

Used to pay for eligible expenses directly at the point of sale or when paying a bill.

Works in settings such as physician's offices, dental and orthodontic offices, pharmacies, hospitals and more.

Two cards are sent to your home address.

IRS requires that you keep all original documentation (i.e. receipts) for FSA card purchases, and Benefit Strategies may ask you to submit a receipt to validate a debit card transaction.



Your Plan Details

Your Plan Year is 07/01/20-06/30/21

LP FSA or Health FSA Plan

Maximum Election: \$2,750 per employee

Dependent Care FSA Plan

Maximum Election: \$5,000 per household



Time Frames

- You have an additional 75 days after the end of the plan year to incur additional expenses.
- You have 90* days to submit claim forms for expense incurred during the plan year for reimbursement.

*Due to the Covid-19 pandemic, the federal government has temporarily removed the limit on the number of days you have to submit healthcare claims. Because this temporary change does not have an end date at this time, we suggest you submit healthcare claims within your plan's normal time frame (shown above) whenever possible. Visit the benstrat.com COVID-19 resource page for more information and updates on the claims filing extension. This extension does not apply to Dependent Care FSAs.



Your Plan Details cont.

Funds must be used for eligible expenses incurred during the plan year

FSA Funds cannot be used for expenses incurred by Domestic Partners

Keep FSA Card Receipts!

For tax reporting purposes or Benefit Strategies may request a receipt to verify a card transaction

You must re-enroll in the FSA and /or LP FSA every year during your open enrollment period

No changes to election amount mid plan-year

Limited exceptions for eligible Qualifying Events

City of Peabody

Health Savings Account (HSA)





Health Savings Accounts

A Health Savings Account (HSA) is a tax-advantaged medical savings account to taxpayers in the U.S.A who are enrolled in an HSA-qualified High Deductible Health Plan (HDHP).

The funds contributed to an account are not subject to federal income tax at the time of deposit.

Unlike a Flexible Spending Account (FSA), funds roll over and accumulate year to year if not spent.

HSA funds may currently be used to pay for qualified medical expenses at any time without federal tax liability or penalty.



HSA Facts

The HSA account is a personal financial asset.

You can pay with personal funds and then reimburse yourself tax-free from your HSA.

The account is inheritable so a beneficiary must be appointed.

Tax-free distributions can continue to be used for eligible expenses, even if you're no longer eligible to make additional contributions.

Distributions for eligible expenses are tax-free.

HSA funds used for ineligible expenses are subject to tax. Under age 65 will also incur 20% tax penalty.

You can reimburse your own, your legally married spouse's and other tax dependents' expenses, regardless if they are enrolled in your HDHP.

You can change your contribution level during the year as your needs change.

Includes adding funds to your HSA after you have incurred the eligible expenses.



Eligibility to Make or Receive HSA Contributions

You must be enrolled in an HSA-qualified HDHP

- 2020 Single Coverage: Deductible minimum of \$1,400 and Out-of-Pocket Expense Limit of \$6,900.
- 2020 Family Coverage: Deductible minimum of \$2,800 and Out-of-Pocket Expense Limit of \$13,800.

You must not be covered under any other plan that is not an HSA qualified HDHP, including a Health FSA*

- If married, your spouse must not be covered under a Health FSA*

You must not be enrolled in Medicare.

You cannot be claimed as a dependent on another person's tax return.



Enrollment in a Limited Purpose FSA, allowing dental and vision expenses only, is permitted.



HSA Yearly Contribution Maximums

	Employer Contribution	Participant Contribution
2020 Single Max → \$3,550	\$1,000	\$2,550
2020 Family Max → \$7,100	\$2,000	\$5,100

An additional \$1,000 catch-up contribution may be made for an Account holder who is at least age fifty-five (55) or older and not enrolled in Medicare.



Investment Information

**Participants can accumulate balances, similar to a 401K or IRA
Funds are kept in a Healthcare Bank (member FDIC) interest bearing cash account**

Participants can invest the contributions to accelerate growth

- Money Market
- Investment Funds

Participants can set an automatic investment sweep threshold. When this threshold is met, funds move in \$100 increments from the cash account to a money market account or an investment fund of the participant's choosing.

Minimum threshold is \$1,000

To access more than the cash account balance, participants must wait for investments to trade (typically 2-5 business days)



Eligible Expenses (continued)

Medically necessary medical, dental, vision and hearing expenses not otherwise reimbursed

- View IRS publication 502 found at www.irs.gov

Some products and services require you maintain additional documentation

- Items and services that are for both general health and treatment of a diagnosed condition (i.e., massage therapy, vitamins) – Physician Statement with diagnosis and treatment plan required

- **COBRA Premiums**
- **Insurance premiums you pay while receiving unemployment compensation**
- **Long Term Care & Retiree insurance premiums**



Pay your eligible expenses at the point of sale, or when paying a bill

Continue using the same card until the expiration date listed on the card

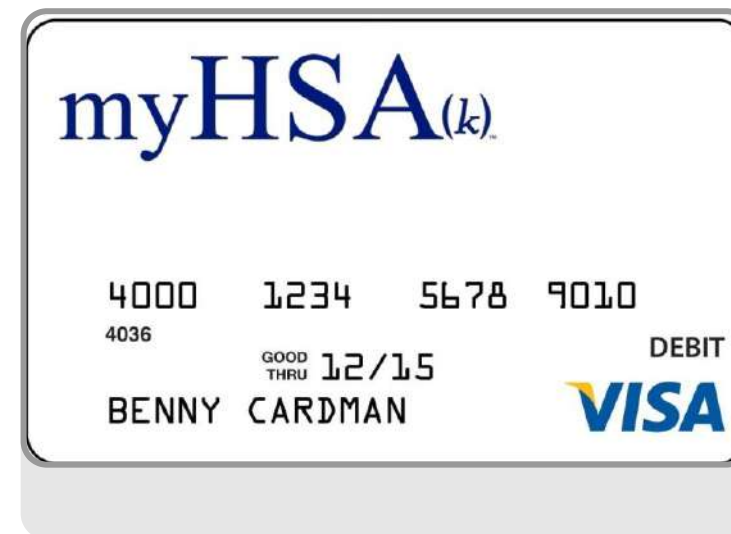
The card will not work for an amount greater than the HSA cash account balance at the time of the card transaction

You are required to keep detailed receipts for HSA purchases

Ineligible expenses are subject to taxes and if under age 65, 20% tax also applies

The HSA Debit Card

myHSA^(k) Card





HSA Distributions



Payment of Distributions

No fee for direct deposit

\$5 fee per paper check request



Electronic Distribution Request

Submit a distribution online by logging into you HSA account at

Benstrat.com

Or through the Benefit Strategies mobile application.



Paper Distribution Form

Distribution forms can be found online at **Benstrat.com**

Or contact Customer Service at

1-888-401-FLEX (3539)

To have one sent to you.



Documentation is not required with distribution requests, but you are required to maintain all documentation.



HSA Statements



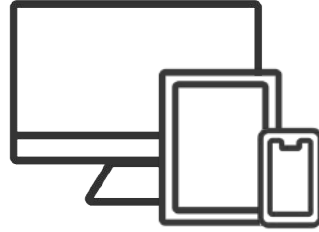
Balance and transaction history can be viewed anytime by logging into **Benstrat.com** or through our mobile application.

Monthly statement sent to email address

(No fee)

Paper statement requests

(\$5.00 fee per request)



Online Account Access

For Desktop & Mobile



Through your secure account, you can file claims, set up text alerts, view transaction history, account balances, deadlines, and more!


1. Open your browser and go to our website: [Benstrat.com](https://benstrat.com)

2. Hover on “Individual Login” at the top right of the page

3. Select the service you are logging into and you will be redirected to a secure login page

4. Enter your username and password or if you are a new user, click “New User”

— Desktop Account Access



Login

Existing User?	New User?
Login to your account	Create your new username and password
Username <input type="text"/>	
Forgot Username?	
Password <input type="password"/>	
Forgot Password?	
<input type="button" value="Login"/>	

Contact Us - Call Consumer Relations Team at (603) 647-4666, Toll Free at (888) 401-3539 or Email us at info@benstrat.com

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— Mobile Account Access

The Benefit Strategies mobile application is available on iOS and Android

Use the app to view your balance and important filing dates

File claims! Use your devices camera to take a picture of your receipt and upload it through your phone!

View Benefit Strategies contact information and resources

Customer Relations

Mon → Thurs: 8:00am – 6:00pm ET

Friday: 8:00am – 5:00pm ET

Toll Free: 888-401-3539

Language translation service
available

(Automated system available at all times)

Online Chat: benstrat.com

Text-To-Chat: 888-401-3539

Email: info@benstrat.com



Have Questions?

We've got you covered.