



Flexible Spending Account (FSA)

## Valuable pre-tax benefits with convenient tools

Why not use pre-tax dollars to pay for medical co-pays, prescriptions, and/or daycare fees, thereby reducing your taxable income and increasing your take-home pay? It's a no-brainer.

The pre-tax advantages of a Flexible Spending Account (FSA) allow you to save up to 30% on your eligible healthcare and/or dependent care expenses every year. Consider how much you spend on these costs for you and your qualified dependents in one year and how much you could save by using pre-tax dollars.

### How it Works

FlexSystem FSA is offered through your employer and is administered by TASC. When you choose to enroll in a FlexSystem Healthcare FSA and/or Dependent Care FSA, you determine the dollar amount you want to contribute to each account based on your estimated expenses for the upcoming Plan Year. Your contributions will be deducted in equal amounts from each paycheck, pre-tax, throughout the Plan Year.

*The more you contribute to these accounts, the more you reduce your taxable gross salary. And with less taxes taken, your take-home pay increases!*

Your total annual Healthcare FSA contribution amount is available immediately at the start of the Plan Year. Dependent Care FSA funds are available up to the current account balance only.

### Online Enrollment and Contributions

Annual FSA contributions are set by your employer, but are limited to the IRS maximums per Plan Year. View current IRS limits at: [www.tasconline.com/benefits-limits/](http://www.tasconline.com/benefits-limits/)

Use our [online tax-savings calculator](#) to help determine how much you should contribute to each FlexSystem account per year.



### The TASC Card Convenience

Enjoy easy access to your FSA funds with the swipe of a card instead of out-of-pocket spending and requesting a reimbursement!

### Pre-Tax Savings Example

	<u>Without FSA</u>	<u>With FSA</u>
Gross Monthly Pay:	\$3,500	\$3,500
<u>Pre-Tax Contributions</u>		
Medical/Dental Premiums	\$0	-\$125
Medical Expenses	\$0	-\$75
Dependent Care Expenses	\$0	-\$400
TOTAL:	\$0	-\$600
Taxable Monthly Income	\$3,500	\$2,900
Taxes (federal, state, FICA):	-\$968	-\$802
Out-of-pocket Expenses:	-\$600	\$0
Monthly Take-home Pay:	\$1,932	\$2,098

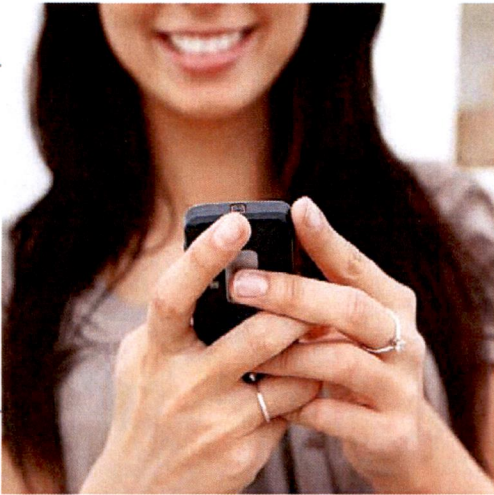
**Net Increase in Take-Home Pay = \$166/mo!**

For illustration only. Actual dollar amounts may vary.

### Carryover puts your mind at ease!

When your employer elects the Carryover option with your Healthcare FSA Plan, up to \$500 of any leftover healthcare funds may be carried over into the next Plan Year with no cost or penalty.





Multiple self-service tools available to easily manage your FlexSystem account(s) and TASC Card transactions:

MyTASC Online: [www.tasconline.com](http://www.tasconline.com)

MyTASC Mobile App: [www.tasconline.com/mobile](http://www.tasconline.com/mobile)

MyTASC Text Messaging (SMS)

## How to Access Your FSA Funds

As eligible expenses are incurred, you have two options to access your available FlexSystem FSA funds:

**1) TASC Benefits Card:** upon enrollment into the Plan, you will receive a TASC Card in the mail, which can be used to pay for eligible expenses at the point of purchase. Simply swipe your TASC Card where MasterCard is accepted.

With smart card technology, the TASC Card automatically pays for and substantiates most eligible expenses without requiring any paperwork.

**2) Request a Reimbursement:** simply submit a request for reimbursement to FlexSystem using one of the following methods:

- Submit via MyTASC Mobile App (free download)
- Submit via MyTASC Text Message (SMS)
- Download Request for Reimbursement form online (paper)

Your reimbursement is direct deposited into your **MyCash account** or a designated bank account. MyCash funds are accessible via your TASC Card to be used for *any* type of purchase or ATM cash withdrawal.

## Eligible Expenses

FlexSystem FSA funds may only be used for eligible expenses under your healthcare FSA and/or dependent care FSA. Some eligible expenses include:

- Medical/dental office visit co-pays
- Dental/Orthodontic care services
- Eye exams and prescription glasses/lenses
- Prescriptions
- Vaccinations
- Daycare Fees

A complete list can be found at [www.irs.gov](http://www.irs.gov) in IRS Publications 502 & 503. Please note insurance premiums are NOT eligible for reimbursement.

## Important Considerations

### *FSA Funds do not Rollover:*

It is important to be conservative in making elections because any unused funds left in your FSA at the close of the Plan Year are not refundable to you (the exception to this rule is for the Healthcare FSA where funds (up to \$500) may carryover to the next Plan Year Healthcare FSA as elected by your employer). You are urged to take precautionary steps, such as tracking account balances on the FlexSystem website and/or using the Interactive Voice Response System, to avoid having funds remaining in your account at year-end.

### *Changing Elections During the Plan Year:*

You may change your FSA elections during the Plan Year only if you experience a change of status such as:

- a marriage or divorce
- birth or adoption of a child, or
- a change in employment status

Refer to the *Change of Election Form* (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year.



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## Expenses that qualify for reimbursement from FlexSystem

Healthcare FSA | Dependent Care FSA



Below is a partial list of permissible expenses reimbursable through a Flexible Spending Account (FSA) that are incurred by you, your spouse, or qualified dependents. Please note: a Limited Purpose Healthcare FSA only allows dental and vision expenses.

### Medical Expenses

- Acupuncture
- Artificial limbs
- Bandages
- Birth control, contraceptive devices
- Birthing classes/Lamaze – only the mother's portion (not the coach/spouse) and the class must be only for birthing instruction, not child rearing
- Blood pressure monitor
- Blood sugar test kits/test strips
- Chiropractic therapy/exams/adjustments
- Contact lens and contact lens solutions
- Co-payments
- Crutches (purchased or rented)
- Deductible and co-insurance
- Diabetic supplies
- Eye exams
- Eyeglasses, contacts, or safety glasses, prescription only (warranties are not reimbursable)
- Flu shots
- Hearing aids and hearing aid batteries (warranties are not reimbursable)
- Heating pad
- Incontinence supplies
- Infertility treatments
- Insulin
- Lactation expenses (breast pumps, etc.)
- Laser eye surgery; LASIK
- Legal sterilization
- Medical supplies to treat an injury or illness
- Mileage to and from doctor appointments
- Nasal strips
- Optometrist's or ophthalmologist's fees
- Orthopedic inserts
- Physicals
- Physical therapy (as medical treatment)

- Physician's fee and hospital services
- Pregnancy test
- Prescription drugs and medications
- Psychotherapy, psychiatric and psychological service
- Reading glasses
- Sales tax on eligible expenses
- Services connected with donating an organ
- Sleep apnea services/products (as prescribed)
- Smoking cessation programs
- Treatment for alcoholism or drug dependency
- Vaccinations
- Wrist supports, elastic wraps
- X-ray fees

### OTC Medicines and Drugs

Over-the-counter (OTC) medicines and drugs, except for insulin, require a prescription from your physician to be reimbursable. The prescription will need to be included with each request for reimbursement.

- Bengay, Flexall, pain relieving creams or gels
- Calamine lotion
- Canker/cold sore relievers
- Cold medicines
- Corn removal
- Diaper rash ointment
- GasX, baby gas drops
- Hemorrhoid creams and treatments
- Hydrogen Peroxide or rubbing alcohol
- Indigestion or anti-acid relievers
- Laxatives
- Nicotine patch
- Pain relievers (Tylenol, Advil, Aspirin, etc.)
- Sinus medicines
- Suppositories
- Teething gel
- Wart removal medication

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For more information regarding FSA expenses, please review IRS Publication 502 or ask your employer for a copy of your Summary Plan Description (SPD).

## Dental Expenses

- Braces and orthodontic services
- Cleanings
- Crowns
- Deductibles, co-insurance
- Dental implants
- Dentures, adhesives
- Fillings

## Disability Expenses

- Automobile equipment and installation costs for a disabled person in excess of the cost of an ordinary automobile; device for lifting a mobility impaired person into an automobile
- Braille books/magazines in excess of cost of regular editions
- Note-taker for a hearing impaired child in school
- Seeing eye dog (buying, training, and maintaining)
- Special devices, such as a tape recorder or typewriter for a visually impaired person
- Visual alert system in the home or other items such as a special phone required for a hearing impaired person
- Wheelchair or autoeette (cost of operating/maintaining)

## Requiring Additional Documentation

The following expenses are eligible only when incurred to treat a diagnosed medical condition. Such expenses require a **Letter of Medical Necessity** from your physician, containing the medical necessity of the expense, diagnosed condition, onset of condition, and physician's signature.

- Ear plugs
- Massage treatments
- Nursing services for care of a special medical ailment
- Orthopedic shoes (excess cost of ordinary shoes)
- Oxygen equipment and oxygen
- Support hose
- Varicose vein treatment
- Veneers
- Vitamins and supplements
- Wigs (for mental health condition of individual who loses hair because of a disease)

## Dependent Care Expenses

- Fees for licensed day care or adult care facilities
- Before and after school care programs for dependents under age 13
- Amounts paid for services (including babysitters or nursery school) provided in or outside of your home
- Nanny expenses attributed to dependent care
- Nursery school (preschool) fees
- Summer Day Camp – primary purpose must be custodial care and not educational in nature
- Late pick-up fees
- **Does not cover medical costs;** use Healthcare FSA for medical expenses incurred by you or your dependents

## Ineligible Medical Expenses



- Athletic mouth guards
- Chapstick/lip balm
- Contributions to state disability funds
- Cosmetic surgery, dentistry, or other cosmetic procedures
- Cosmetic supplies (makeup, cleansers, moisturizers, etc.)
- Deodorant
- Dental floss
- Diet (cost of special foods as substitute for regular diet)
- Dietary and fiber supplements
- Electrolysis/hair removal
- Exercise equipment and fees
- Eye drops for general comfort
- Eyeglass cases
- Hand sanitizer
- Health club or athletic club membership fees
- Herbal supplements
- Insurance premiums, all types
- Lotions or skin moisturizers
- Marriage counseling
- Maternity clothes
- Mattress
- Medicare premiums
- Medicated shampoos, conditioners, and soaps
- Physical treatment unrelated to specific health problems (massage for general well-being, stress, depression, or chiropractic wellness)
- Safety glasses (non-prescription)
- Sunglasses (non prescription) and sun clips
- Teeth whitening products
- Toiletries
- Toothbrush (includes prescribed electronic) and toothpaste
- Vitamins and supplements for well-being
- Warranties
- Weight loss drugs/programs for general well being





## Determine if your Dependent Care expenses qualify for FSA reimbursement



The FlexSystem Dependent Care FSA allows you to use pretax dollars to pay for eligible expenses related to care for your child, disabled spouse, elderly parent, or other dependent who is physically or mentally incapable of self-care, so you (or your spouse) can work, look for work, or attend school full time. **Medical expenses for your dependent are not eligible for reimbursement under the Dependent Care FSA.**

Eligibility for the dependent care benefit requires that certain criteria be met, which is outlined in this document.

- A) **The dependent care expenses must be work-related.** The care must be necessary for the employee and/or the employee's spouse to work, to look for work, or to attend school full-time, or if they are physically unable to care for their children.
- B) **The dependent care expenses provided during a calendar year cannot exceed \$5,000.** In the case of a separate return by a married individual, the limit is \$2,500. This amount may be less if the employee's earned income or spouse's earned income is less than \$5,000.

**The dependent care expenses must be for the care of one or more qualifying persons. A "Qualifying Person" is defined as one of the following:**

- A) A dependent who was under age 13 when the care was provided and for whom an exemption can be claimed.
- B) A spouse who was physically or mentally not able to care for himself or herself, and lived with you for more than half the year.
- C) A dependent who was physically or mentally not able to care for himself or herself and for whom an exemption can be claimed, and lived with you for more than half the year.

### Eligible and Ineligible Expenses for Dependent Care FSA Reimbursement (partial list):

#### **Allowed for Reimbursement:**

- ☒ Fees for licensed day care or adult care facilities
- ☒ Before and after school care programs for dependents under age 13
- ☒ Amounts paid for services (including babysitters or nursery school) provided in or outside of your home
- ☒ Nanny expenses attributed to dependent care
- ☒ Nursery school (preschool) fees
- ☒ Summer Day Camp – primary purpose must be custodial care and not educational in nature
- ☒ Late pick-up fees

#### **NOT Allowed for Reimbursement:**

- ☐ Medical expenses
- ☐ Baby-sitter in or out of your home for reasons other than to enable you to work
- ☐ Activity fees/ educational supplies
- ☐ Food, clothing, and entertainment
- ☐ Transportation expenses
- ☐ Child support payments
- ☐ Kindergarten fees
- ☐ Overnight camp
- ☐ Late payment charges

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**For more information regarding Dependent Care FSA expenses, please review IRS Publication 503 or ask your employer for a copy of your Summary Plan Description (SPD).**

**You can also find helpful information and rates on our resource page at:**

[www.tasconline.com/benefits-limits](http://www.tasconline.com/benefits-limits)

## How Much Should You Contribute?

Determine your total annual amount of qualified dependent care expenses for the Plan Year. Your annual contribution to the FlexSystem Dependent Care FSA must be within the minimum and maximum amounts set by your employer based on the maximum allowed by the IRS (view IRS limits at [www.tasconline.com/benefits-limits](http://www.tasconline.com/benefits-limits)).

## To receive the dependent care benefit, one must follow these procedures:

- A) All persons and organizations that provide dependent care for a qualified person must be identified. This information is requested on IRS Form 2441. The name, address, and taxpayer identification number of the provider must be included. Under certain circumstances, the taxpayer identification number will be a social security number.
- B) If the care is being provided by a center that cares for more than six persons, the center must comply with all state and local regulations.
- C) Payments made to relatives who are not dependents can be included. However, do not include amounts paid to a dependent for whom you can claim an exemption or for your child who is under age 19 at the end of the year, regardless of whether he or she is your dependent.
- D) Use Form W-10 to request the required information from the care provider.

## Special rules apply to children of divorced or separated parents:

Even if you cannot claim your child as a dependent, he or she is treated as your qualifying person if all of the following are true:

- The child was under age 13 or was not physically or mentally able to care for himself or herself.
- One or both parents provided more than half of the child's support for the year and are divorced, legally separated, or lived apart at all times during the last 6 months of the calendar year.
- One or both parents had custody of the child for more than half of the year.
- You were the child's custodial parent. The custodial parent is the parent having custody for the greater portion of the calendar year. If the child was with both parents for an equal number of nights the parent with the higher adjusted gross income is the custodial parent.

A non-custodial parent that is entitled to claim the child as a dependent on their tax return may not treat the child as a qualifying individual for the dependent care benefit even when that parent is financially responsible for providing the care. Only one parent (the custodial parent) may qualify for the dependent care benefit for a taxable year. The regulations do not provide any relief for a non-custodial parent that incurs dependent care expenses for the portion of the year in which they have custody of the child to enable the non-custodial parent to work.



## Attract More Participation with Accessibility and Convenience



Mobile technology has become a standard that most employees expect for fast and convenient service, and managing their benefit accounts is no different.

TASC offers a free mobile app and text messaging capabilities to FlexSystem Participants, giving them real-time access to their account from anywhere at any time via their mobile device.

Your employees will enjoy these flexible options to securely check balances, view transaction details, access plan information, request a reimbursement, and submit substantiation...*all while on the go!*

TASC Mobile tools are included at no additional charge when you choose FlexSystem in addition to employee education materials.



Get more information, download links, and texting instructions at:  
[www.tasconline.com/mobile](http://www.tasconline.com/mobile)

### Included in these FlexSystem Plans

- Healthcare FSA
- Dependent Care FSA
- SIMPLE Cafeteria Plan
- Transit and/or Parking Reimbursement Accounts

### MyTASC Mobile Application

- Free download for smart phones and tablets at:  
Apple® App Store | Google Play | Amazon AppStore
- Secure login with existing MyTASC username and password; memory recognition
- View real-time balances, elections, eligibility dates
- Request for Reimbursement wizard
- Submit substantiation (capture receipts with device camera)
- View MyCash balance and transactions
- Help screen for troubleshooting

### MyTASC Mobile Text Messaging (SMS)

- Two-way instant communication for account info
- Participant-activated through MyTASC account online
- Obtain current account balance
- Submit a Request for Reimbursement
- Receive automated reimbursement status alerts





**The benefits card  
your employees want and deserve**

Smart card technology makes it possible for a benefits card to recognize an eligible purchase from a non-benefits purchase and pull available funds from the right account. So why not include a cash account on the same card?

TASC does.

The TASC Card gives FlexSystem Participants a most convenient way to pay for their eligible benefit expenses as well as non-benefit transactions with their MyCash account.

What's in it for you? When you offer a reimbursement plan with a benefits card feature, Plan participation and contributions increase by an average of 25%, resulting in lesser payroll taxes for you!

### FSA Purchases Made Easy

Rather than paying out-of-pocket for an eligible expense, submitting a claim, and waiting to be reimbursed, FlexSystem Participants may use their TASC Card to pay directly from their available account funds.

### Innovative Cash Card Functionality

FlexSystem reimbursements are deposited directly into the Participant's MyCash account and are immediately accessible with the swipe of the TASC Card for any purchase. MyCash funds may be spent any way and anywhere MasterCard is accepted or withdrawn as cash via ATM.

#### Included in these FlexSystem Plans

- Healthcare FSA
- Dependent Care FSA
- Transit and/or Parking Reimbursement Accounts

#### The TASC Card Value

- No additional cost to you or your employees
- Access to available funds at the point of purchase
- Minimized out-of-pocket spending, submitting a claim, and waiting for a reimbursement
- Auto-substantiation
- Easy online account management
- One additional card for dependent at no charge
- May be used at any merchant that accepts MasterCard
- Cards are good for up to four (4) years

#### MyCash Account Features

- Direct deposit account for claim reimbursements
- MyCash funds are available via TASC Card (debit card)
- MyCash funds serve as back-up for benefit purchases when FlexSystem funds are unavailable
- Purchase retail and healthcare items in one transaction
- MyCash funds may be transferred to a bank account
- Access cash via the ATM with a PIN