

Health Care and Dependent Care Flexible Spending Accounts

ADP TotalSource®



A more human resource.™

Health Care and Dependent Care Flexible Spending Accounts (FSAs) allow you and your worksite employees to save up to 35% on eligible everyday expenses.

Flexible spending accounts are tax-advantaged accounts that you and your worksite employees can use to pay for everyday expenses tax-free. FSAs can save participants up to 35% (depending on your tax bracket) on eligible health care expenses, such as deductibles and copays, as well as certain qualifying dependent care expenses, such as day care for children or elder care.

Here's how FSAs work:

- 1. Enroll** in a Health Care and/or Dependent Care FSA during Open Enrollment. Participants can contribute up to \$2,550 to the Health Care FSA and up to \$5,000 (\$2,500 if married and filing separately or \$2,000 if you are a highly compensated employee) to the Dependent Care FSA.
- 2. Contribute** to your FSA(s) over the course of the 2016–2017 Plan Year (via pretax payroll deductions) and build up a balance in the account(s).
- 3. Use your debit card or file claims** on the easy-to-use, secure [Spending Account Online Services](#) website as you incur eligible health and dependent care expenses. If you sign up for direct deposit, tax-free reimbursements will be deposited right into your checking or savings account.

Eligible expenses for FSAs may include:

Health Care FSA	Limited Health Care FSA	Dependent Care FSA
Copays, deductibles and coinsurance for health, dental and vision plans	Dental and orthodontic expenses not covered by a dental plan	Day care for dependent children under age 13
Over-the-counter medications (if prescribed or prescription medications not covered by a health plan*)	Vision care expenses, including eyeglasses and contact lenses, not covered by a vision plan	Elder care for dependent parents
Dental or vision expenses (such as braces or laser vision correction) not covered by a health plan	Certain preventive care expenses	Care for disabled dependents of any age

**In accordance with the Affordable Care Act (ACA), individuals will be prohibited from using the ADP TotalSource®, Inc. Health Care FSA for the cost of over-the-counter medications that are not prescribed by a physician. This rule doesn't apply to reimbursements for the cost of insulin, which is permitted, even if purchased without a prescription.*

Health Care FSA debit card

- When you enroll in a Health Care FSA, you'll automatically receive a Spending Account Card that works like a bank debit card. It will provide you with immediate reimbursement for your eligible health care expenses and reduce the need to file claims for reimbursement.
- You can still choose to pay for your eligible health care expenses out of your pocket and then fax, mail or submit an online claim reimbursement request along with your receipt for the expense.

Note: The debit card isn't available for the Dependent Care FSA.

Health Care FSA \$500 Carryover Allowance

- If you enroll in the Health Care FSA, you'll be permitted to carry over up to \$500 of your remaining Health Care FSA balance at the end of the Plan Year into the following Plan Year, provided that you remain eligible for the Health Care FSA. Any account balance in excess of \$500 will be forfeited.
- The carryover allowance doesn't apply to the Dependent Care FSA, so plan accordingly since any remaining balance in the Dependent Care FSA at the end of the Plan Year claim filing period will be forfeited.