



Active Employee Health Insurance Solutions

Flexible Spending Account (FSA)



Employees can set aside pre-tax dollars from their paycheck to help pay for their out-of-pocket health and dependent care costs throughout the year.

How It Works

- Employees elect to contribute an annual portion of their salary into an FSA account
- Employee contributions are deducted from the employee's paycheck pre-tax
- The FSA account is set up to reimburse employees for eligible medical expenses and/or dependent care expenses
- Reimbursements for medical expenses are available any time, up to the employee's full annual election, even if the contributions have not yet been deposited
- Reimbursements for dependent care expenses are available after the contributions are deposited

Advantages to Employer

Because the employee's taxable income is reduced, the employer saves their portion of the FICA, federal, and state tax on every dollar contributed to the FSA

Advantages to Employee

Because the employee's taxable income is reduced, the employee saves all FICA, federal, and state tax on every dollar contributed into the FSA

Rules and Restrictions

- The funds in the account are "use it or lose it," however, employers may elect to offer:

- » **Carry Over:** There is an annual limit set to the amount of unused funds that you can carry over into the next plan year
- » **Grace Period:** A 2½ month grace period after the end of the plan year where employees could spend their unused funds into the next plan year
- » **Contribution Limit:** The FSA contribution limit is updated annually
- All medical contributions are available on day one of the plan year regardless of when the account is funded
- If an employee overspends their medical FSA account and then terminates employment before the plan year ends, employers cannot recoup the overspent funds from the employee

Why Choose National Insurance Services?

- National Insurance Services (NIS) has extensive experience and expertise pairing FSAs with Health Reimbursement Arrangements (HRAs)
- NIS specializes in schools, cities, and counties
- All plan documents and implementation materials are provided
- Employees have online access to their personal account information and a toll-free national number
- Employees are provided with a debit card for purchases or an online reimbursement tool (depends upon the plan)
- Employer and employee services and support