

Pre Tax Plans that Simplify Your Health Insurance

I. Flexible Spending Accounts (FSA)

- A. Your Money
- B. You Save FICA and Reduce Your Income Taxes
- C. You Pay Unreimbursed Expenses for Medical, Dental, Prescriptions, Glasses, etc. as defined by IRS Code and your share of Premium Contribution (unlimited).
- D. Dependent Unreimbursed Medical Expenses and Dependent Childcare are eligible.
- E. You use it first – Before an HRA or HSA.
- F. Employer can choose a use or lose provision (a year of incurred claims is paid through 3/31 of the next year), or allow up to \$500 to be carried over to the following year to be used within 2 ½ months.
- G. Contribution limits are plan determined. Federal maximum of \$2,550/an. as of 1/1/2016.
- H. FSA's can be used to pre-tax pay any health insurance program. A Limited FSA (Dependent Care and premium only) is used when contributing to a Health Savings Account.
- I. Dependent Care maximum pre-tax contribution is \$5,000/an. per family.

II. Health Reimbursement Accounts (HRA)

- A. It is the Plan Sponsors Money
- B. You Save FICA and Reduce Income Taxes
- C. Pays Unreimbursed Medical Expenses only as Defined by the Plan Sponsor
- D. Dependent Unreimbursed Medical Expenses are eligible as defined by the Plan Sponsor - Dependent Child Care is not eligible.
- E. Use it First or Keep it in the Account
- F. If you don't use it, you keep it as permitted by the plan sponsor (i.e. Rollover of unused account balance).
- G. Contribution maximums are plan determined.
- H. HRA's can be used with any health insurance program (even HSA's).

III. Health Savings Accounts (HSA)

- A. Your Money (Deposited by You and Your Family, or the Plan Sponsor)
- B. Save FICA and Reduce Income Taxes (HSA Contributions are income tax-free)
- C. Pays Unreimbursed Expenses for Medical, Dental, Prescriptions, Glasses, etc. as defined by the IRS Code.
- D. Dependent Unreimbursed Medical Expenses are eligible, not Dependent Child Care.
- E. Use it or keep it in the account - no loss.
- F. If you don't use it, you keep it (unused account balances rollover automatically).
- G. Contributions of money are limited per year by the IRS to \$3,350 for Singles and \$6,750 for Families in 2016.
- H. HSA's can only be used with IRS qualified High Deductible Health Plans (HDHP). The 2016 minimum HDHP deductibles are \$1,300 Single and \$2,600 Family.

