

Benefit Bite #3 FSA/HSA 2020/21 Plan year

Employee Benefits strives to give our employees every opportunity to participate in programs that give the best benefit, value and savings.

The IRS allows you to claim medical premiums, co-pays, prescription costs and deductibles on your taxes at the end of the year, but there are many hoops to jump through in order to claim these deductions.

Employee Benefits makes it much easier for you to get a Tax Savings on these expenses by participating in Pretax Benefits.

A Medical Spending Account allows you to choose an amount to be deducted from your paycheck on a pretax basis. A debit card is issued and your annual pledge is loaded onto the debit card to be used when you make a co-pay at the doctor office, pay for a prescription, get an eye exam, eye wear or even a dental visit (eligible medical expenses).

There are two different Medical Spending Accounts offered through payroll deduction:

1. Flexible Spending Account (FSA) - there are two great benefits to participating:

A. The money is fully funded up front and can be used right away

B. You can enroll in any medical plan or no medical plan and still participate in the FSA.

Keep in mind that the FSA plan is a use it or lose it plan and therefore you must carefully select the amount you want to contribute. Make sure you can use the full amount selected so you do not lose the money. You must enroll in the FSA each year, even if you participated last plan year.

The 2020 maximum set by the IRS is \$2,750.00

Did you know there is a way to spend money left over in your FSA so that you do not lose it? Visit benefitsolver.com and look in the reference center on the tab titled "Flexible Spending Account Information" to find out about the FSA Store. The FSA Store has the largest selection of FSA and HSA eligible products online!

2. Health Savings Account (HSA) - offers two great benefits to participants:

A. This is NOT a use it or lose it plan and any money left in the account at the end of the plan year rolls over to the next plan year which means you can continue to build up the account value.

B. You can start, stop, increase, or decrease the deduction amount at any time throughout the plan year so there is a lot of flexibility. If you want to change your HSA contribution throughout the year, simply log into benefitsolver.com and click on the big yellow button that says Change my Benefits.

Once there you will have two options, click on the option on the right and you will see a drop down for HSA changes.

However, in order to participate in the HSA you must be enrolled in a High Deductible Plan (EPISD Self-Funded CDHP or ActiveCare HD) and the HSA is not fully funded which means only the money you contribute each paycheck is available to be used at any given time. You must enroll every year even if you participated last plan year. According to IRS rules if you are enrolled in any Medicare Plan including Medicare Part A you cannot contribute to an HSA.

Maximum Annual HSA Elections for 2020:

\$3550 for Employee Only

\$7100 for Employee + Dependents

The benefitsolver.com website has tabs in the Reference Center for the FSA and HSA with more great information including FAQs, Highlights, claim forms and materials.

If you enroll in the EPISD Self-Funded Consumer Driven Healthcare Plan (CDHP) and select the HSA the District will contribute up to \$500 towards your HSA. Keep in mind that this District contribution counts towards your IRS determined annual maximum.

Stay Healthy and stay informed!