

Welcome and Welcome Back

District 148
Flexible Spending Plan

What is a Flexible Spending Plan (Section 125 Plan)

- As it stands now
 - If you pay for any part of your medical and dental expenses, you pay for it with money that is left over after Federal Income Taxes, Social Security (if applicable) Medicare (almost everyone pays) IMRF or THIS and State Income Taxes
 - Example: If you pay any part of the cost of prescription eyeglasses, you pay with whatever money is left over after all these taxes.

Current Conditions – Premium Conversion

- If you pay any portion of the cost of medical or dental insurance (family coverage)
 - The amount you pay is **automatically sheltered from all taxes (UNLESS YOU OPT OUT)**
 - You will probably Opt out if you are using this year as a base year for retirement
 - Opt out forms are in the forms list on the district website

Optional New Opportunities

- Medical expenses - \$200 to \$1,500
 - All out of pocket expenses for IRS deductible medical expenses can be sheltered from all taxes
 - Deductibles
 - Copayments for Doctor Visits and Prescriptions
 - Prescription glasses or contacts
 - Copayments for medical care
 - Dental expenses that are medically necessary
 - All out-of-pocket items that would be deductible on your income taxes

Optional New Opportunities

- Dependent Care – Up to IRS limit of \$5,000
 - **Child care**
 - Elder care

University of Arizona FAQ's

http://www.hr.arizona.edu/04_cb/benefits/uum/fsa/fsa_faq.php#q8

- **Is it more beneficial for me to participate in the Flexible Spending Account Dependent Care Reimbursement plan or to take the Child Care Credit on my Federal Income Tax return?**
- You may receive a tax break on your expenses, but you must choose whether to use the Child Care Credit or the FSA. The IRS will not allow you to receive two tax breaks on the same expenses.
- You may claim a Child Care Credit on your tax return equal to your dependent care expenses (up to \$6,000 per year for two or more dependents or \$3,000 per year for one dependent) multiplied by a percentage. The percentage decreases from a high of 35% to a low of 20% as your household adjusted gross income increases.

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- The Dependent Care FSA is limited to \$5,000 per year (for you and your spouse together), \$2,500 if married filing separately, for any number of dependents. You will experience "tax savings" throughout the year with every paycheck you receive. If you are subject to the lowest federal tax rate, state taxes and Social Security taxes you will save around 27% of expenses through the Dependent Care FSA. If you pay a higher federal rate, you will receive an even higher tax break through the Dependent Care FSA.
- Generally those employees with a combined income over \$30,000 or who spend more than \$3,000 on care for only one qualifying child will save more through the Dependent Care FSA. Please contact your tax advisor if you have questions about which is best for you.

What Does It Cost?

- Debit Card is \$10 per year
- Otherwise
 - No Cost To Employee

What is the “downside”

- The plan requires that the money put into it that is not spent by the employee during the plan year – September 1, 2011 through August 31, 2012 – must be forfeited
- Only put in what you think you will spend
- Estimate carefully
- Forfeited amounts remain in the plan and can only be used to pay the costs of operating the plan. They can not go back to the district.

Where Do I Find Out More?

- <http://www.discoverybenefits.com/>

Where are the forms?

- District 148 Staff Information Page
- [FSA Enrollment Form.pdf](#)
- <http://www.district148.net/staff.html>

What is the Deadline for Signing UP?

- All forms must be submitted to Discovery Benefits on or before September 1, 2011
- No time to waste...

Questions?

- Thank You