

THE FLEXIBLE SPENDING ACCOUNT PLAN (FSA) is administered by **SelectAccount**. It is available to all full-time employees.

The plan allows employees to pay for medical and dependent care expenses with pre-tax dollars. You benefit by paying less in federal, state, and FICA taxes, which in turn gives you more disposable income. Careful planning is important though, because any money you have withheld that isn't used by the end of the plan year is lost.

Company website: www.selectaccount.com

Flexible spending accounts give employees the opportunity to increase their take-home pay by having money withheld from their paycheck on a pretax basis to cover certain medical and dependent care expenses. The plan has three components: A, B, and C.

Component A allows you to pay your diocesan medical and dental insurance premiums on a pretax basis. If you have money withheld from your paycheck for medical or dental insurance, you do not pay taxes on this money. Component A is automatic; if you have premiums withheld from your paycheck, they will be withheld pretax unless you elect not to.

Components B and C are flexible spending accounts. Component B deals with health expenses incurred by you or your family that are not covered by your insurance plan, such as deductible, copays, and items excluded from coverage (note: you don't have to be on the diocesan medical or dental insurance plans to utilize component B).

Component C deals with dependent-care expenses, such as daycare. The Claim Form has a partial listing of allowed and disallowed items. Component B has a maximum election of \$1500 per plan year, and Component C has a maximum election of \$5000 per plan year.

Here's how it works: the plan year runs from September 1 to August 31. You elect a certain amount of money for component B and/or C for that plan year. The money is withheld from your paycheck on a pretax basis throughout the plan year. The money goes into a flexible spending account, which is basically a special savings account. Then, whenever you have a claim (pay a qualifying medical bill or dependent care expense), you fill out a claim form, send the form to SelectAccount, and they send your money back to you (note: if you are on the diocesan medical insurance plan, your claims are sent to SelectAccount automatically).

See: FSA Election/Withholding for more information about crossover.

You benefit because you don't pay taxes on the money when it's withheld from your paycheck. You want to plan carefully though, because any money that is not used by the end of the plan year is lost.

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