



Human Resources  
MICHIGAN STATE UNIVERSITY

# Flexible Spending Account

## Participant Handbook

Revised April 2025

### Important Enrollment Deadlines

<b>Open Enrollment Period</b>	October 1 - October 31
<b>Benefit Year</b>	January 1 - December 31
<b>Grace Period</b>	January 1 - March 15
<b>Final Filing Deadline</b>	April 30



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## FLEXIBLE SPENDING ACCOUNTS (FSA)

### Dependent Care Flexible Spending Account (DCFSA)

#### INTRODUCTION

A Dependent Care FSA is a pre-tax benefit account used to pay for eligible dependent care expenses, such as preschool, summer day camp, before or after school programs and child or adult daycare. A qualifying “dependent” may be a child under age 13, a disabled spouse, or an older parent in eldercare.

You enroll in or renew your enrollment in the Dependent Care FSA through Open Enrollment each year. Outside of Open Enrollment you may enroll if you are newly benefit eligible or you experience a qualifying life event ([QLE](#)).

The money you elect to contribute is deducted from your gross pay before federal, state, city, and Social Security taxes are calculated so you end up paying less in taxes and taking home more of your paycheck. A Dependent Care FSA is a “money in-money out” benefit. That means you can only use what has already been deducted from your paycheck.

#### Example

You elect to have \$150 per check deducted. After your first paycheck of the year, your Dependent Care FSA will have a balance of \$150. If you submit a \$300 expense, only \$150 will be paid immediately. The remaining \$150 will be paid once you have another payroll deduction.

To use the Dependent Care FSA, you pay for your actual expenses out-of-pocket and then request reimbursement from the [plan administrator](#) by submitting a [Dependent Care FSA Reimbursement Request Form](#). Your non-taxable reimbursement will be sent by check to your home or by direct deposit into your personal bank account (if you select this option). You may also elect to use the “Pay My Provider” option where you can have payments sent directly to your provider.

One last important thing to know: the Dependent Care FSA is subject to the “use it or lose it” rule, meaning funds must be used within the plan year or they are forfeited. It’s better to be slightly conservative if you are unsure how much money you will need.

*You can find the contact information for the plan administrator at the end of this brochure.*

#### WHO IS ELIGIBLE?

The Flexible Spending Accounts (e.g., Dependent Care FSA and/or Health Care FSA) are



provided as options for all benefits-eligible full-time (90.0%-100.0%) and part-time (50.0%-89.9%) Executive Management, Faculty, Academic and Support Staff. These employees have 30 days from the day of initial appointment/hiring or eligibility to sign-up. Employees that do not enroll by the enrollment deadline will not be eligible for the tax savings opportunities until the next Open Enrollment period unless they have a qualifying life event ([QLE](#)). See page 8 for a list of qualifying life events.

### **WHEN IS MY COVERAGE EFFECTIVE?**

The program is effective the first day of the month following enrollment or election changes.

#### **Example**

If an employee is hired July 15 and enrolls in the Dependent Care FSA the same day, the program goes into effect August 1. Only eligible expenses occurring August 1 or after may be submitted for reimbursement. If this same employee waits to enroll until August 15, then the program goes into effect September 1. Only eligible expenses occurring September 1 or after may be submitted for reimbursement.

### **WHAT EXPENSES CAN BE REIMBURSED?**

To qualify for reimbursement, according to Internal Revenue Service (IRS) rules, eligible expenses must be incurred for qualifying dependents and these expenses must be work-related.

Eligible expenses include:

- The cost of care provided in your home for a qualifying dependent.
- The cost of care provided outside your home for a qualifying dependent. If the qualifying person is a spouse or parent, that individual must spend at least 8 hours each day living in your home.

*Important Information About Care Providers: A care provider can be a babysitter, an eldercare provider, a licensed day care center, a relative who is not a tax dependent, a latch-key child (before and after school) program, or an eldercare facility.*

A qualifying individual includes a qualifying child, if he or she:

- Is a U.S. citizen, national, or a resident of the U.S., Mexico, or Canada
- Has a specified family-type relationship to you
- Lives in your household for more than half of the taxable year
- Is 12 years old or younger
- Has not provided more than one-half of his/her own support during the tax year



A qualifying individual includes your spouse, if he or she:

- Is physically and/or mentally incapable of self-care
- Lives in your household for more than half of the tax year
- Spends at least eight hours per day in your home

A qualifying individual includes a qualifying relative, if he or she:

- Is a U.S. citizen, national, or a resident of the U.S., Mexico, or Canada
- Is physically or mentally incapable of self-care
- Lives in your household for more than half of the tax year
- Spends at least eight hours per day in your home
- Receives more than one-half of his or her support from you during the tax year

**Notes:**

- *If you are a tax dependent of another person, you cannot claim qualifying individuals for yourself.*
- *You cannot claim a qualifying individual if he or she files a joint tax return with his or her spouse.*
- *Only the custodial parent of divorced or legally separated parents can be reimbursed using the Dependent Care FSA Account.*

Work-related dependent care expenses are expenses incurred because you are working OR if you are married, your spouse is working or going to school full-time. Such situations might include:

- You are single; including separated, divorced, or widowed and incur eligible expenses for a qualifying dependent because you are working.
- You are married and working and incur eligible expenses for a qualifying dependent so your spouse can also work or attend school full-time for five months or more during the plan (calendar) year.
- You are married and working and incur eligible expenses for a mentally or physically disabled spouse so you can work.

**WHAT EXPENSES CANNOT BE REIMBURSED?**

According to IRS regulations, the following expenses are non-reimbursable:

- Payments made to anyone you claim as a tax dependent.
- Payments made to your children aged 18 or younger who provide care to one of your dependents.
- Expenses for an overnight stay or overnight summer camp.
- Schooling for children in kindergarten (including developmental) and higher.
- Residential nursing home expenses.
- Services that occur prior to the employee's effective date of the plan.



This is only a partial list of eligible and ineligible expenses. For the complete list, visit IRS Publications 502 and 503 or [www.healthequity.com/dcfesa-qme](http://www.healthequity.com/dcfesa-qme).

More information about deadlines for submitting claims can be located at [www.hr.msu.edu/benefits/flexible-spending-accounts](http://www.hr.msu.edu/benefits/flexible-spending-accounts).

### **HOW MUCH CAN I CONTRIBUTE TO MY DEPENDENT CARE FSA?**

You may contribute up to \$5,000 for the full plan year. If you are married and your spouse's employer also offers a Dependent Care FSA OR both you and your spouse work at MSU, your combined total annual contribution cannot exceed \$5,000. If you are married and you file a separate income tax return, contributions cannot exceed \$2,500 for each of you, with a \$5,000 total maximum. To estimate your total annual dependent care expenses and to determine your pay period Dependent Care FSA reduction amount, you may use the worksheet at [www.hr.msu.edu/benefits/flexible-spending-accounts/dependent\\_care\\_worksheet/index.html](http://www.hr.msu.edu/benefits/flexible-spending-accounts/dependent_care_worksheet/index.html).

A listing of the monthly and bi-weekly pay dates can be found online at [www.ctr.msu.edu/payroll/payroll-schedules](http://www.ctr.msu.edu/payroll/payroll-schedules). The IRS requires any unused money left in your account at the end of the plan year to be forfeited.

### **HOW MUCH CAN I BE REIMBURSED?**

The total amount of expenses you submit for reimbursement in a plan year must not exceed the lesser of your earned income, your spouse's earned income if you are married, or \$5,000.

#### **Example – Working Spouse**

If your working spouse earns \$4,000/year, the maximum amount you can be reimbursed is \$4,000. If your working spouse earns \$20,000/year, the maximum amount you can be reimbursed is \$5,000.

#### **Example – Non-Working Spouse**

According to IRS regulations, a spouse who is disabled or a full-time student is determined to have an income of \$250 per month if you have one dependent (total annual income of \$3,000), or \$500 per month if you have two dependents or more (total annual income of \$6,000). If your spouse is a full-time student and you have one dependent, your maximum reimbursable amount is \$3,000; if you have two dependents or more, your maximum reimbursable amount is \$5,000 plus you can claim the remaining \$1,000 toward the Federal Child and Dependent Care Income Tax Credit.

#### ***Please Note:***

*If you use the Dependent Care FSA, you cannot use the federal income tax credit for the same expenses.*



## HOW DO I RECEIVE REIMBURSEMENT?

To receive reimbursement from your Dependent Care FSA account you must:

1. Complete a Dependent Care Claim Form and include any receipts and required documentation prior to the program deadline (see page 23 for program deadlines). You can submit your claims in any of the following ways:
  - **Online** - Login to your account at <https://www.wageworks.com> (choose Log In/Register then Employee Log In) to file your claim electronically and upload your documentation.
  - **Fax/Mail** - You can obtain a Dependent Care Claim Form online at [www.healthequity.com/account-forms](http://www.healthequity.com/account-forms) and then either mail or fax your form to the location and number located on the form.
  - **EZ Receipts Smartphone App** - Use the app to take photos of receipts and upload.
2. Attach a receipt showing proof of payment from your dependent care provider for services for which you seek reimbursement. Acceptable receipts can be an original itemized bill or copy of the bill. The receipt should include dependent name, provider name, date of service, type of service and cost. Be sure to retain copies of the reimbursement request forms and copies of your provider receipts for your tax records. You can also have your dependent care provider sign your reimbursement form with a Social Security # or Tax ID.
3. Submit the Dependent Care Claim form and your receipt to the [plan administrator](#).

You will receive your reimbursement directly from the [plan administrator](#) either by check, mailed to your home, or by direct deposit into your personal bank account, if you selected this option.

**Please Note:** *If your reimbursement request exceeds your account balance, you will be reimbursed up to the amount in your account. The remainder will be reimbursed to you when more funds are available in your account. Also, you have until April 30 to submit reimbursement requests for the previous year's expenses.*

## CAN I CHANGE THE AMOUNT OF MONEY I PUT INTO MY ACCOUNT?

IRS regulations state that once you enroll in a Dependent Care FSA, your participation must continue unchanged until the end of the plan year unless you have a qualifying life event (QLE), or you are separated from MSU and re-hired within the same calendar year.

QLE's include marriage, divorce, death, birth/adoption, or a change in employment. Additional QLEs allowed for dependent care include an increase or decrease in the fee charged by a provider; change in provider resulting in an increased or decreased fee, change in the hours of care needed due to employment change, child reaching limiting age of 13 years old or child starting or stopping school that changes the number of hours for which care is needed.





**A qualifying life event (QLE) must be reported to MSU Human Resources no later than 30 days after the status change occurs. You will need to provide documentation verifying the QLE, such as a marriage or birth certificate.**

The adjustment in your Dependent Care FSA election must be consistent with the change in status, e.g., if you add a dependent, you can increase the amount of money you put into your account, if you get divorced, you can decrease the amount, etc. In either situation, your total contributions for the plan year cannot exceed the amounts described on page 7, “How much can I contribute to my Dependent Care FSA?” and may not be less than the expenses for which you’ve already been reimbursed or less than the amount you have already contributed to your account. Your available benefit following your new election (including new enrollment at your re-hire) will be calculated by adding any balance (including a negative balance) remaining in your Dependent Care FSA account up to the change in election to the total contributions scheduled to be made by you during the remainder of the plan year.

***Your original election will apply to the expenses incurred up to the date of your change in election. Your new election will apply to expenses incurred on or after the effective date of the new election.***

Any changes to the Dependent Care FSA become effective on the first day of the month following the changes. If you are re-hired during the plan year, your enrollment will follow the same process for new hire enrollment.

Should you have questions on your status change, you may contact the [plan administrator](#) directly (see end of brochure) or contact MSU Human Resources at 517-353-4434 (toll-free 800-353-4434 or [SolutionsCenter@hr.msu.edu](mailto:SolutionsCenter@hr.msu.edu)).

## **HOW DOES THE DEPENDENT CARE FSA COMPARE WITH THE FEDERAL CHILD AND DEPENDENT CARE INCOME TAX CREDIT?**

If you are currently incurring dependent care expenses, you are probably paying for these expenses in after-tax dollars and taking the Federal Child and Dependent Care Income Tax Credit when you file your income taxes. The IRS limits the federal income tax credit to eligible expenses of \$3,000 for one dependent or \$6,000 for two or more dependents (tax year 2024). However, the Dependent Care FSA limit is \$5,000 regardless of the number of dependents. You may use Example 2 and Worksheet 2 on page 14 to assess the difference between the two options.

Whether you use the federal income tax credit or the Dependent Care FSA, you must complete and submit IRS Form 2441 with your annual income tax return. This form provides the IRS with information on your dependent care provider and your dependent care expenses for the tax year.

## **WILL PARTICIPATION IN A DEPENDENT CARE FSA AFFECT MY OTHER BENEFITS?**

Participation in the Dependent Care FSA program may affect your future Social Security



benefits because contributions to a Dependent Care FSA reduce your taxable income, which reduces your Social Security taxes. If your taxable income is below the maximum wage taxed by Social Security, you could reduce your future Social Security benefits. For most people, this reduction would be minimal – only a few dollars per month. If you invest your tax savings because of the Dependent Care FSA, it is projected that your tax savings could make up for any reductions in Social Security benefits.

### **WILL A DEPENDENT CARE FSA WORK FOR ME?**

To help you decide if a Dependent Care FSA will work for you, see the examples and complete the worksheets beginning on page 13. Follow Example 1 and complete Worksheet 1 to estimate your annual dependent care expenses and DEPENDENT CARE FSA contribution for each paycheck. Example 2 and Worksheet 2 will help you compare the benefits of using the Dependent Care FSA with the federal income tax credit.

### **HOW DO I ENROLL IN THE DEPENDENT CARE FSA?**

Your participation in the Dependent Care FSA is voluntary. You can add or make changes to FSA plans for the following reasons:

- New Hires/Re-Hires

If you are a new hire, you will be able to elect FSA plans using your **New Hire/Re-Hire** adjustment reason link\*. You will be given 30 days to make your election.

- Employment Status Change

If you have a status that makes you newly eligible for benefits, you will be able to elect FSA plans using your Newly Eligible adjustment reason link\*. You will be given 30 days from your status change to make your election.

\*Adjustment reason links are located online at <https://ebs.msu.edu>. Enter your MSU NetID and password. Select the My Benefits tab and then the Benefit/Retirement tile. Your adjustment reason link will be populated in the Manage My Benefits drop-down list and will vary depending on the reason for enrollment.

- Qualifying Life Events (QLEs)

If you have a mid-year life event, you may be able to begin, stop or change the amount of your spending account contributions.

Please contact MSU Human Resources at 517-353-4434 (toll-free 800-353-4434) or [SolutionsCenter@hr.msu.edu](mailto:SolutionsCenter@hr.msu.edu) for information about the process and required documentation.



- **Open Enrollment**

If you do not enroll in an FSA when you are first eligible, you must wait until the next open enrollment period (October 1 – October 31) before you can enroll. Also, keep in mind enrollment is not automatic - you must re-enroll each year to participate, even if you wish to continue the same annual contributions from year to year.

If you are a benefits-eligible employee, you will be able to elect FSA plans using your Open Enrollment adjustment reason link.

If you are on a leave of absence (LOA) during the annual open enrollment period, you are eligible to enroll in the Dependent Care FSA program within 30 days of your return from leave.

When enrolling, you must state the amount you wish to have subtracted from your gross pay for the plan year. The amount you choose will be divided equally by the number of times you are paid during the calendar year. This amount will be deducted from your pay and deposited into your account each pay period.

***The Dependent Care FSA becomes effective January 1, each year, for those who enroll during Open Enrollment and the first day of the month following sign-up as a new employee or as a result of a qualifying life event (QLE).***

## **HOW DO I CHECK THE STATUS OF MY DEPENDENT CARE FSA?**

You have a few options:

1. Download the [HealthEquity/WageWorks EZ Receipts app](#)
2. View your FSA online at [www.wageworks.com](http://www.wageworks.com)
3. Call HealthEquity at (877) 924-3967

## **WHAT HAPPENS IF I TAKE AN UNPAID LEAVE OF ABSENCE (LOA) OR LAYOFF?**

Keep in mind that an unpaid leave of absence or layoff is considered by the IRS and MSU as a family or employment change in status. Contributions will cease at the onset of your leave. Events such as a leave of absence may allow you to change your elections in a manner consistent with the reason for the leave upon your return.

Upon return from leave or layoff, you will automatically be re-enrolled into your Dependent Care FSA if you return within the same calendar year. The remainder of your election will be divided equally over the remaining calendar year pay periods. If you were not working during your leave of absence, you may not submit any incurred claims.



Re-enrollment is not automatic in the following situation:

If your return from an unpaid leave of absence occurs after December 31, you are required to re-enroll in the Dependent Care FSA program within 30 days of your return.

### **WHERE CAN I GET MORE INFORMATION?**

Please direct questions about your MSU Dependent Care FSA directly to the [plan administrator](#). Contact information can be found at the end of this brochure.

### Estimating your Dependent Care Expenses

This checklist will help you determine your annual dependent care expenses. Before completing the worksheet in Example 1, consider:

- Your dependent care expenses in previous years.
- If you have a child who will reach the age of 13 during the plan year. Dependent care expenses for children, age 13 and older, do not qualify for reimbursement unless the child is disabled. Do not include these expenses when calculating your annual contribution.
- If you have a child who will enter kindergarten (including developmental) during the plan year, dependent care expenses for that child may be reduced. Also consider day care expenses for before and after school programs.
- If you plan an unpaid leave of absence during the plan year or if you are on a nine-month or academic-year appointment, your dependent care expenses may be reduced. Consider this when calculating your annual contribution. Also, if you take an unpaid leave of absence, your salary reductions will stop for the duration of the leave period. However, you can continue to request reimbursement for any funds you have on account for dates of service provided prior to your leave. Please note that you will automatically be re-enrolled upon your return from your unpaid leave of absence if you return within the same calendar year. If your return from unpaid leave occurs after December 31, you are eligible to re-enroll in the Dependent Care FSA program within 30 days of your leave return.
- Your vacation plans and other times during the year which do not qualify for reimbursement.

Remember that education, medical care, transportation to and from your care provider, or housekeeping expenses that are part of your dependent care expenses do not qualify for reimbursement and should not be included in your calculation. For example, private school tuition for a child in kindergarten, medical expenses incurred while an elderly parent is at an eldercare facility, and laundry or housekeeping fees from a caregiver in your home are not reimbursable.



**Example 1**

An individual is married and has a two-year old child in day care. The weekly day care expenses are \$100 and there will be 4 weeks without expenses for vacation, holidays, personal days, and sick days. The individual calculates the total dependent care expenses for the year as follows:

Number of Weeks (in a year)	52
Number of Weeks (without expenses) – <u>subtract</u>	<u>4</u>
<b>Total Weeks of Dependent Care Expenses</b>	<b>48</b>

Weekly Dependent Care Expenses	\$100.00
Total Weeks of Dependent Care Expenses (calculated from above) - <u>multiply</u>	<u>48</u>
<b>Total Estimated Annual Dependent Care Expenses</b>	<b>\$4,800.00</b>

***Determine Dependent Care FSA Reduction Amount Per Pay Period:***

Estimated Annual Dependent Care Expenses (calculated from above)	\$4,800.00
Number of Paychecks Annually (i.e. monthly (12); bi-weekly (26)) – <u>divide</u>	<u>26</u>
<b>Reduction Amount for Each Paycheck</b>	<b>\$184.62</b>

**Worksheet 1**

***Estimate Your Annual Dependent Care Expenses Below:***

Number of Weeks (in a year)	52
Number of Weeks (without expenses) - <u>subtract</u>	_____
<b>Total Weeks of Dependent Care Expenses</b>	_____

Weekly Dependent Care Expenses	_____
Total Weeks of Dependent Care Expenses (calculated from above) - <u>multiply</u>	_____
<b>Total Estimated Annual Dependent Care Expenses</b>	_____

***Determine Dependent Care FSA Reduction Amount Per Pay Period:***

Estimated Annual Dependent Care Expenses (calculated from above)	_____
Number of Paychecks Annually (i.e. monthly (12); bi-weekly (26)) – <u>divide</u>	_____
<b>Reduction Amount for Each Paycheck</b>	_____

**Comparing the Child and Dependent Care Income Tax Credit and the Dependent Care FSA**

Read the example then complete the calculations below and compare the results to determine which alternative provides the most tax savings. You may also wish to consult your tax advisor to determine which option is best for you.



**Example 2**

An employee estimated that the dependent care expenses for one child are \$4,800 for the year (see Example 1). The employee and spouse have a combined adjusted gross income of \$70,000; minus dependent exemptions and standard deductions making their taxable income \$52,000. The individual’s federal income tax credit for dependent care has been calculated below:

Estimated Dependent Care Expenses (from Example 1)	\$4,800.00
Eligible Expenses (i.e. \$3,000 for one dependent or \$6,000 for two or more)	\$3,000.00
Adjusted Gross Income	\$70,000.00
Estimated Tax Credit Percentage (20%)	0.20
Estimated Tax Credit (the lesser amount of Line 1 or Line 2 (above) multiplied by the Tax Credit Percentage; \$3,000 x 0.20)	\$600.00

**Worksheet 2**

***Estimate and Calculate Your Tax Savings Using a Dependent Care FSA below:***

Estimated Dependent Care Expenses (from Worksheet 1)	\$
Maximum Expenses Eligible for Tax Credit \$3,000 for one dependent or \$6,000 for two or more dependents	\$
Adjusted Gross Income (from your last Income Tax Return)	\$
Percentage of Federal Income Tax Credit	%
Estimated Tax Credit (the lesser amount of Line 1 or Line 2 above <u>multiplied</u> by tax credit from Line 4)	
Estimated Annual Dependent Care Expenses (from Worksheet 1)	\$
Calculate your Total Tax Rate by Adding:  a. Federal Income Tax Rate b. Social Security Tax Rate c. Michigan State Tax Rate d. City Tax Rate (if applicable)	%
Total Tax Rate	
Estimated Tax Savings (estimated annual dependent care expenses <u>multiplied</u> by total tax rate)	\$

**Note:** *These tax savings examples are intended to provide projections and are not to be interpreted as tax advice.*

*You may also wish to consult your tax advisor to determine which option is best for you.*



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## Health Care Flexible Spending Account (HCFSA)

### **INTRODUCTION**

A Health Care FSA is a cost-effective way to pay for eligible medical and dental plan deductibles/co-payments, eyeglasses, contact lenses, orthodontics, some over-the-counter medications, and other health-related expenses that are not covered by insurance. It enables you to save money by paying for health-related expenses with pre-tax dollars.

You designate an amount of money to be set aside from each paycheck. This money is deducted from your gross pay before federal, state, city and Social Security taxes are calculated. To use the Health Care FSA, you can swipe your debit card at point of service and submit receipts later, if required, or you can pay for your actual expenses out-of-pocket and then request reimbursement for these expenses from the [plan administrator](#) by submitting a Healthcare Account Claim Form. Your non-taxable reimbursement(s) will be sent by check to your home or by direct deposit into your personal bank account if you select the latter option. You may also elect to use the “Pay My Provider” option where you can have payments sent directly to your provider.

### **WHO IS ELIGIBLE?**

Flexible Spending Accounts (Dependent Care FSA and Health Care FSA) are provided as options for all eligible full-time (90.0%-100.0%) and part-time (50.0%-89.9%) executive management, faculty, academic and support staff. These employees have 30 days from the day of initial appointment/hiring or eligibility to sign-up for Flexible Spending Accounts (FSA). Employees who do not enroll by the enrollment deadline will not be eligible for the tax savings opportunities until the next open enrollment period unless they have a qualifying life event (QLE). See page 18 for a list of qualifying life events.

### **WHEN IS MY COVERAGE EFFECTIVE?**

The program is effective the first day of the month following enrollment or election changes.

### **Example**

If an employee is hired July 15 and enrolls in the Health Care FSA the same day, the program goes into effect August 1. Only eligible expenses occurring August 1 or after may be submitted for reimbursement. If this same employee waits to enroll until August 15, then the program goes into effect September 1. Only eligible expenses occurring September 1 or after may be submitted for reimbursement.

### **WHAT EXPENSES QUALIFY FOR REIMBURSEMENT?**

Eligible expenses include office co-pays/deductibles, eyeglasses, contact lenses, orthodontics,



some over-the-counter medications and other health-related expenses not covered by your insurance. You are allowed to include out-of-pocket expenses for yourself, and anyone claimed as your IRS dependent for tax purposes. A more complete list of eligible/ineligible expenses is located at [www.healthequity.com/fsa-qme](http://www.healthequity.com/fsa-qme).

### **WHAT EXPENSES DO NOT QUALIFY FOR REIMBURSEMENT?**

According to IRS regulations, the following expenses are non-reimbursable:

- Services that occur prior to the employee's effective date of the plan
- Cancelled appointment fees
- Personal trainer
- Teeth whitening/bleaching
- Cosmetic surgery
- Vitamins and supplements (unless medically necessary)
- Weight loss programs
- Marriage counseling

For a complete list of eligible and ineligible expenses, visit [www.irs.gov](http://www.irs.gov) and see IRS Publications 502 and 503. Reimbursements can be made only for eligible health care services and expenses that are incurred during the plan year. The MSU Health Care FSA plan year is January 1 through December 31, with a grace period up to March 15 of the following year. For more information about deadlines to submit claims, go to [www.hr.msu.edu/benefits/flexible-spending-accounts](http://www.hr.msu.edu/benefits/flexible-spending-accounts).

### **HOW MUCH CAN I CONTRIBUTE TO MY HEALTH CARE FSA?**

Eligible employees may contribute up to \$3,050 per year for the 2025 plan year. This is a per-eligible individual maximum. If you are married and your spouse's employer also offers a Health Care FSA OR both you and your spouse work at MSU, and each of you would like to have your own separate Health Care FSA.

Before the plan year begins you will need to determine your annual election. After you determine your estimated annual expenses and arrive at a Health Care FSA contribution dollar amount, divide this amount by the number of pay periods for the calendar year. The amount you choose will be divided equally by the number of times you are paid during the plan year. This amount will be contributed to your Health Care FSA. A worksheet is available on page 22 of this brochure to help you calculate your estimated expenses. A listing of the monthly and bi-weekly pay dates can be found online at [www.ctr.msu.edu/payroll](http://www.ctr.msu.edu/payroll).





Per IRS rules, the Health Care FSA plan is a use-it-or-lose-it type plan. Any unreimbursed funds cannot be given back. You must incur expenses during the plan year or grace period, and you must file on or before the end of the runout period. Any remaining funds are forfeited.

## HOW DO I RECEIVE REIMBURSEMENT?

To receive reimbursement from your Health Care FSA account you must:

1. Complete a Healthcare – Pay Me Back Claim form and include receipts and required documentation prior to the program deadlines (see page 23 for program deadlines). You can submit claims in any of the following ways:
  - **Online** - Login to your account at <https://www.wageworks.com> (choose Log In/Register then Employee Log In) to file your claim electronically and upload your documentation.
  - **Fax/Mail** - You can obtain a claim form at [www.healthequity.com/account-forms](http://www.healthequity.com/account-forms) then either mail or fax your form to the location and number located on the form.
  - **EZ Receipts smartphone app** - Use the app to take photos of receipts and upload.
2. Include the insurance explanation of benefits (EOB) statement for services covered by insurance, or an itemized bill for services not covered by insurance, including:
  - Name of the provider
  - Name of the patient
  - Date of service
  - Amount of payment
  - Amount covered by insurance
  - Description of the services rendered

Services submitted must be incurred within the plan year. Be sure to retain copies of the reimbursement request forms and copies of your receipts for your records.
3. After submitting the Healthcare – Pay Me Back Claim form and your receipt, you will receive your reimbursement directly from the plan administrator either by check, mailed to your home, or by direct deposit to your personal bank account.
4. For some eligible expenses, such as prescriptions and office visit co-pays, you can pay for your purchase directly with a debit card that is issued to every Health Care FSA enrollee. The Health Care FSA debit card can only be used in places where eligible medical services and supplies are sold, such as medical provider offices and pharmacies. When you use the Health Care FSA debit card to pay for purchases, you do not have to submit a reimbursement form, but you should save your itemized bills, Explanation of Benefits (EOB), and/or provider statements. You may be asked to submit those documents to verify and validate a transaction as FSA eligible.



An FSA is an IRS regulated benefit. It must be utilized to pay for qualified health related expenses you and your eligible dependents incur during the plan year. All plans managed by the [plan administrator](#) are administered in accordance with the IRS guidelines and substantiation requirements. When and if requested, you must provide the [plan administrator](#) with the applicable supporting documentation to validate your charge(s). If eligible supporting documentation isn't submitted as requested to verify a charge made with your Health Care FSA debit card, the card may be suspended until eligible supporting documentation is received. You may be required to repay the amount charged. Submitting an eligible supporting document or repaying the amount in question will allow the card to become active again. It's important to confirm that your expenses are eligible.

5. You can arrange to pay your healthcare providers directly for your eligible expenses from your HealthEquity account by selecting the Pay Provider option when logged into your account at [www.wageworks.com](http://www.wageworks.com).
6. If you are a member of a reserve component of the U.S. military and are ordered or called to active duty for a period of 180 days or more or for an indefinite period, you may withdraw, on a taxable basis, up to the unspent balance of your contributions made to your Health Care FSA. This applies to any distribution made on or after June 18, 2008.

For further information on the Health Care FSA or to access the online claim forms, go to [www.healthequity.com/account-forms](http://www.healthequity.com/account-forms).

When applying for a Qualified Reservist Distribution (QRD), please attach a copy of your order or call to active duty to the Heroes Earnings Assistance and Relief (HEART) Reimbursement ACT form. The form can be found online at [www.hr.msu.edu/benefits/flexible-spending-accounts/documents/heartreimburseact.pdf](http://www.hr.msu.edu/benefits/flexible-spending-accounts/documents/heartreimburseact.pdf).

**Note:** You have until April 30 to submit reimbursement requests for the previous plan year's expenses.

### **CAN I CHANGE THE AMOUNT OF MONEY I PUT INTO MY ACCOUNT?**

Once you enroll in a Health Care FSA, your participation must continue unchanged until the end of the plan year unless you have a qualifying life event (QLE). Qualifying life events include marriage, divorce, death, birth/adoption, or a change in employment status. However, the adjustment in your election must be consistent with the change in status, e.g., if you adopt or give birth to a child, you could increase the amount of money you put into your account. You may also elect a different amount of contribution if you are terminated from MSU and re-hired in the same calendar year.



**A qualifying life event (QLE) must be reported to MSU Human Resources no later than 30 days after the status change occurs. You will need to provide documentation verifying the QLE, such as a marriage or birth certificate.**

Your total contributions for the plan year may not exceed the total contributions described on page 16, “How much can I contribute to my Health Care FSA?” and cannot be less than the expenses for which you’ve already been reimbursed or have already contributed to your account. Your available benefit following your change in election (including new enrollment at your re-hire) will be calculated by adding any balance (including a negative balance) remaining in your Health Care FSA account up to the change in election to the total contributions scheduled to be made by you during the remainder of the plan year.

***Your original election will apply to expenses incurred up to the date of your change in election. Your new election will apply to expenses incurred on or after the effective date of the new election.***

If you have a qualifying life event during the plan year, you may make changes to this benefit in the EBS Portal at [www.ebs.msu.edu](http://www.ebs.msu.edu) within 30 days of the occurrence. Any changes to the Health Care FSA become effective on the first day of the month following the changes. If you are re-hired during the plan year, your enrollment will follow the same process for new hire enrollment.

Should you have questions on your status change, you may contact the [plan administrator](#) directly at the number listed at the end of this brochure or MSU Human Resources Office at [SolutionsCenter@hr.msu.edu](mailto:SolutionsCenter@hr.msu.edu) or 517-353-4434 (toll-free 800-353-4434).

## HOW THE HEALTH CARE FSA SAVES YOU MONEY

### Example

If a single person has a taxable income of \$35,000 per year and elects to contribute \$500 to a Health Care FSA and during the plan year, the individual files eligible claims for the \$500 in the Health Care FSA account. As shown below, the individual will save \$186 in taxes.

	Without an FSA	With an FSA
Annual Pay	\$35,000.00	\$35,000.00
Less – Out-of-Pocket Medical Expenses (Pre-Tax)	\$0.00	\$500.00
Taxable Income	\$35,000.00	\$34,500.00
Less – Federal Taxes (based on 25.00% from table B in pocket)	\$8,750.00	\$8,625.00
Less – State Taxes (based on 4.35%)	\$1,523.00	\$1,501.00
Less – FICA Taxes (based on 7.65% Social Security & Medicare)	\$2,678.00	\$2,639.00
Less – Out-of-Pocket Medical Expenses (Post-Tax)	\$500.00	\$0.00
Income after Medical Expenses	\$21,549.00	\$21,735.00
<b>TAXES SAVED (difference between having an FSA)</b>	<b>\$0.00</b>	<b>\$186.00</b>



**Note:** *In this example, the individual would have tax savings by enrolling in the Health Care FSA.*

## **WILL PARTICIPATION IN A HEALTH CARE FSA AFFECT MY OTHER BENEFITS?**

Participation in the Health Care FSA program may affect your future Social Security benefits because contributions to a Health Care FSA reduce your taxable income, which reduces your Social Security taxes. If your taxable income is below the maximum wage taxed by Social Security, you could reduce your future Social Security benefits. For most people this reduction would be minimal – only a few dollars per month. If you invest your tax savings as a result of the Health Care FSA, it is projected that your tax savings could make up for any reductions in Social Security benefits.

**You are not allowed to be enrolled in a Health Care FSA if you and/or your spouse (if any) are currently contributing to a Health Savings Account (HSA).**

## **WILL A HEALTH CARE FSA WORK FOR ME?**

To help you decide if a Health Care FSA will work for you, complete the Worksheet on page 22. The Worksheet will assist you in determining your estimated annual health care expenses, your Health Care FSA plan year contribution and your tax savings per paycheck. If you have \$100 or more in recurring or predictable expenses, this account may help you stretch your income.

## **HOW DO I ENROLL IN THE HEALTH CARE FSA?**

Your participation in the Health Care FSA is voluntary. You can add or make changes to FSA plans for the following reasons:

### **New Hires/Re-Hires**

If you are a new hire, you will be able to elect FSA plans using your **New Hire/Re-Hire** adjustment reason tile\*. You will be given 30 days from your hire date to make your election.

### **Change in Employment Status**

If you have a status that makes you newly eligible to benefits, you will be able to elect FSA plans using your **Newly Eligible** adjustment reason tile\*. You will be given 30 days from your status change to make your election(s).

\*Adjustment reason links are located online at [www.ebs.msu.edu](http://www.ebs.msu.edu). Enter your MSU NetID and password. Select the My Benefits tab and then the Benefit/Retirement tile. Your adjustment reason link will be populated in the Manage My Benefits drop-down list and will vary depending on the reason for enrollment.



### **Qualifying Life Event (QLE)**

If you have a mid-year life event, you may be able to begin, stop or change the amount of your spending account contributions. Please contact MSU Human Resources Office at 517-353-4434 (toll-free: 800-353-4434) or at [SolutionsCenter@hr.msu.edu](mailto:SolutionsCenter@hr.msu.edu) for information about the process and required documentation.

### **Open Enrollment**

If you do not enroll in an FSA when you are first eligible, you must wait until the next open enrollment period (October 1 – October 31) before you can enroll. Also, keep in mind enrollment is not automatic - **you must re-enroll each year to participate**, even if you wish to continue the same annual contributions from year to year.

If you are a benefits-eligible employee, you will be able to elect FSA plans using your Open Enrollment adjustment reason tile.

If you are on a leave of absence (LOA) during the annual open enrollment period, you are eligible to enroll in the Health and Dependent Care FSA program within 30 days of your return from leave.

When enrolling, you must state the amount you wish to have subtracted from your gross pay for the plan (calendar) year. The amount you choose will be divided equally by the number of times you are paid during the plan (calendar) year. This amount will be deducted from your pay and deposited into your account each pay period.

The Health Care FSA becomes effective January 1, each year, for those who enroll during FSA Open Enrollment and the first day of the month following sign-up as a new employee or as a result of a qualifying life event.

### **WHAT HAPPENS IF I TAKE AN UNPAID LEAVE OF ABSENCE (LOA) OR LAYOFF?**

Keep in mind that an unpaid leave of absence or layoff is considered by the IRS and MSU as a family or employment change in status. Contributions will cease at the onset of your leave. Events such as a leave of absence may allow you to change your elections in a manner consistent with the reason for the leave upon your return.

Upon return from leave or layoff, you will automatically be re-enrolled into your Health Care FSA if you return within the same calendar year. The remainder of your election will be divided equally over the remaining calendar year pay periods. As a result of the re-enrollment, you may submit eligible claims that you incurred during your absence.

Re-enrollment is not automatic in the following situation: if your return from an unpaid leave of absence occurs after December 31, you are required to re-enroll in the Health Care FSA program within 30 days of your return.



**WHERE CAN I GET MORE INFORMATION?**

Please direct questions about your MSU Health Care FSA to the [plan administrator](#) as listed at the end of this brochure.

**Health Care FSA Worksheet**

The worksheet below will help you estimate your annual un-insured health care expenses for the upcoming plan year, and your estimated tax savings realized through your participation in the Health Care FSA program. Remember to consider only those expenses you are confident will be incurred during the plan year and will not be covered by any insurance plan.

<b>Projected Plan Year Expenses (not covered by insurance)</b>	
Medical & Dental Expenses	\$
Medical & Dental Deductibles	\$
Medical Insurance Co-Pays & Co-Insurance	\$
Dental Insurance Co-Pays & Co-Insurance	\$
Immunizations, Injections, and Vaccinations	\$
Routine Examinations	\$
Dental & Orthopedic Expenses	\$
Prescription Drugs or Co-Payments	\$
Eye Examinations	\$
Transportation to/from Medical Provider(s)	\$
Medically Necessary Elective Surgery	\$
Other Expenses	\$
<b>Total Estimated, Uninsured Medical &amp; Dental Expenses for the Plan Year</b>	<b>\$</b>

<b><u>Estimated Contribution &amp; Tax Savings</u></b>	
Write down your desired Health Care FSA Plan Year Contribution	\$
Divide your contribution by your number of regular pay periods (12 or 26)	
Amount that will be taken out of each regular paycheck and deposited into your Health Care FSA	\$
Multiply your per-pay contribution by your total tax rate (the sum of federal, state, and FICA* tax rates) to determine your tax savings, per paycheck. See page 19 for an example.	%
<b>Tax Savings per Paycheck</b>	<b>\$</b>

\*FICA tax is composed of Social Security and Medicare Taxes.



A calculator is available online to help you estimate your healthcare expenses:  
[www.wageworks.com/calculators/fsa-savings-calculator/](http://www.wageworks.com/calculators/fsa-savings-calculator/)

### THE HEROES EARNINGS ASSISTANCE AND RELIEF (HEART) ACT

Members of a reserve component of the U.S. military that are ordered or called to active duty for a period of 180 days or more OR for an indefinite period may withdraw, on a taxable basis, up to the unspent balance of your contributions made to your Health Care FSA. A Qualified Reservist Distribution (QRD) payment can be requested by submitting the HEART Reimbursement Act Form found online at [www.hr.msu.edu/benefits/flexible-spending-accounts/documents/HEARTReimburseAct.pdf](http://www.hr.msu.edu/benefits/flexible-spending-accounts/documents/HEARTReimburseAct.pdf).

### PLAN YEAR DEADLINES FOR BOTH DEPENDENT CARE & HEALTH CARE FSA'S

<b><u>2024 Plan Year Deadlines</u></b>	
• The deadline to use your Dependent Care FSA funds	03/15/2025
• The deadline to submit receipts for your Dependent Care FSA funds	04/30/2025
• The deadline to use your Health Care FSA funds	03/15/2025
• The deadline to submit receipts for your Health Care FSA funds	04/30/2025

<b><u>2025 Plan Year Deadlines</u></b>	
• The deadline to use your Dependent Care FSA funds	03/15/2026
• The deadline to submit receipts for your Dependent Care FSA funds	04/30/2026
• The deadline to use your Health Care FSA funds	03/15/2026
• The deadline to submit receipts for your Health Care FSA funds	04/30/2026

### CONTACT INFORMATION

#### **MSU Plan Administrator – HealthEquity**

Headquarters Address:  
15 W. Scenic Pte Dr., Ste #100  
Draper, UT 84020

Claims Administrator Address:  
P.O. Box 14053  
Lexington, KY 40512

Phone: 877-924-3967  
Fax: 877-353-9236

Website: <https://www.wageworks.com>  
App: <https://www.healthequity.com/mobile-app>