
FLEXIBLE SPENDING ACCOUNTS

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Flexible Spending Accounts (FSA)

DEPENDENT CARE Flexible SPENDING ACCOUNT (Dependent Care FSA)

INTRODUCTION

A Dependent Care Flexible Spending Account is a benefit to help you meet your dependent care expenses. It enables you to save money by paying for dependent care expenses in pre-tax dollars.

You designate an amount of money to be set aside from your paycheck. This money is deducted from your gross pay before federal, state, city, and Social Security taxes are calculated. 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. (Note: you can find the name and contact information for the plan administrator at the end of this brochure.) 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.

1. Who is eligible?

The Flexible Spending Accounts (e.g., Dependent Care Flexible Spending Account and/or Health Flexible Spending Account) are provided as options for all eligible full-time (90%-100%) and part-time (50%-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 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. See page 7 for a list of qualifying life events.

2. When is my coverage effective?

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

Example

If an employee is hired 7/15 and enrolls in the Dependent Care FSA the same day, the program goes into effect 8/1. Only eligible expenses occurring 8/1 or after may be submitted for reimbursement. If this same employee waits to enroll until 8/15 then the program goes into effect 9/1. Only eligible expenses occurring 9/1 or after may be submitted for reimbursement.

3. What expenses qualify for reimbursement?

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 dependent is a spouse or parent, that individual must spend at least 8 hours each day living in your home.

A care provider can be a babysitter, an eldercare provider, a licensed day care center, a relative who is not a tax dependent, a latchkey 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 taxable 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 taxable year
- Spends at least eight hours per day in your home

A qualifying individual includes a qualifying relative, if the individual:

- 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 taxable 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 taxable year

Note: *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 work and incur eligible expenses for a mentally or physically disabled spouse so you can work.

4. What expenses don't qualify for reimbursement

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 age 18 or younger who provide care to one of your dependents.
- Expenses for 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.

A complete list of eligible/ineligible expenses can be located at healthequity.com/fsa-gme.

The MSU Dependent Care FSA plan year is January 1 through December 31. For more information about deadlines to submit claims go to www.hr.msu.edu, select the Benefits link and then the Flexible Spending Accounts link.

5. How much can I contribute to my DEPENDENT CARE FSA?

You may contribute up to \$5,000 for the full plan (calendar) year. If you are married and your spouse's employer also offers a Dependent Care Flexible Spending Account 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. You may use the worksheet on page 11 to estimate your total annual dependent care expenses and to determine your pay period Dependent Care FSA reduction amount. A worksheet may also be found on the MSU HR website. Go to www.hr.msu.edu and select Benefits link. Then select the Flexible Spending Accounts link to access this information.

A listing of the monthly and bi-weekly pay dates can be found on the web at www.ctrl.msu.edu/payroll. Please plan carefully. The IRS requires any unused money left in your account at the end of the plan year to be forfeited.

6. How much can I be reimbursed?

The total amount of expenses you submit for reimbursement in a plan (calendar) 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 a year, the maximum amount you can be reimbursed is \$4,000. If your working spouse earns \$20,000, 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 Flexible Spending Account, you cannot use the federal income tax credit for the same expenses.*

7. How do I receive reimbursement?

To receive reimbursement from your account you must:

1. Complete a Dependent Care Claim form and include any receipts and required documentation prior to the program deadline (See page 20 for program deadlines). You can submit your claims in either of the following ways:
 - **Online.** Log in to your account at participant.wageworks.com to file your claim electronically and upload your documentation.
 - **Fax or mail.** You can obtain a claim form at 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 patient 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 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 elected 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 the last day in April to submit reimbursement requests for the previous year's expenses.*

8. Can I change the amount of money I put into my account?

Once you enroll in Dependent Care FSA, your participation must continue unchanged until the end of the plan (calendar) year unless you have a qualifying life event, or you are terminated from MSU and rehired within the same calendar year.

Qualifying life events include marriage, divorce, death, birth/adoption, or a change in employment or care provider rates. However, the adjustment in your 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 year cannot exceed the amounts described on page 5, "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 rehire) 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 the first day of the month following the changes. If you are rehired 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 at SolutionsCenter@hr.msu.edu.

9. 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 \$3,995 for one dependent, \$6,604 for two dependents or \$7,430 for three or more dependents. However, the Dependent Care FSA limit is \$5,000 regardless of the number of dependents. You may use Example 2 and Worksheet 2 on pages 10 and 11 to assess the difference between the two options.

Whether you use the federal income tax credit or the Dependent Care Flexible Spending Account, 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.

10. 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 as a result of the Dependent Care FSA, it is projected that your tax savings could make up for any reductions in Social Security benefits.

11. 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 10. 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.

12. How do I enroll in the Dependent Care Spending Account?

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

New Hires/Rehires

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

Change in your 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.

*Adjustment reason tiles are located online at www.hr.msu.edu. Select EBS login. Enter your MSU NetID and password. Select the My Benefits link and then the adjustment reason tile. Your adjustment reason tile will vary depending on the reason for enrollment.

Qualifying Life Events

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

- Marriage
- Divorce
- Birth, adoption, or legal guardianship of your child
- Death of a Spouse or Dependent
- Change in your spouse's coverage or job
- Unpaid leave of absence
- Change in Day Care Provider
- Change in day care provider or rates – resulting in a significant change in cost

If you have a qualifying life event during the plan (calendar) year, please contact Human Resources Office at 517-353-4434 (toll-free 800-353-4434) or at SolutionsCenter@hr.msu.edu for information about the process and the 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 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 benefit 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 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 (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 Dependent Care Spending Account 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.

13. How do I check the status of my Flexible Spending Account?

You may call HealthEquity at (877) 924-3967, or you may view your FSA account via the web at participant.wageworks.com.

14. What happens if I take an unpaid leave of absence 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 12/31 you are required to re-enroll in the Dependent Care FSA program within 30 days of your return.

15. Where can I get more information?

Please direct questions about your MSU Dependent Care Flexible Spending Account directly to the plan administrator. The correct 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 age 13 during the plan (calendar) 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 (calendar) 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 (calendar) 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, 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 12/31 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 year	52
Minus number of weeks with no expenses	- 4
Total weeks of dependent care expenses	48
Weekly dependent care expenses	\$100.00
Multiplied by total weeks of dependent	
Care expenses (from calculation above)	x 48
Total estimated annual dependent	
Care expenses	\$4,800.00

Determine pay period Dependent Care FSA reduction amount:

Estimated annual dependent care expenses	\$4,800.00
Divide by number of times you are paid each year (12 or 26)	÷ 26
Reduction amount for each paycheck	\$184.62

Worksheet 1

Estimate your annual dependent care expenses below:

Number of weeks in year	52
Minus number of weeks with no expenses	-
Total weeks of dependent care expenses	
Weekly dependent care expenses	\$
Multiplied by total weeks of dependent	
Care expenses (from calculation above)	x
Total estimated annual dependent	
Care expenses	\$

Determining your pay period Dependent Care FSA reduction amount below:

Estimated annual dependent care expenses	\$
Divide by number of times you are paid each year (12 or 26)	÷
Reduction amount for each paycheck	\$

Comparing the Child and Dependent Care Income Tax Credit and the Dependent Care Spending Account

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 is \$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 deduction making their taxable income \$52,000. The individual's federal income tax credit for dependent care has been calculated below:

1. Estimated dependent care expenses (from Example 1)	\$4,800
2. Eligible expenses - \$3,995 for one child, \$6,604 for two children & \$7,430 for three or more children	\$3,995
3. Adjusted gross income	\$70,000
4. Tax credit percentage	20%

5. Estimated tax credit (the lesser amount of Line 1 or Line 2 above x tax credit percentage) $\$3,995 \times 20\% =$	\$799
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Estimate and calculate your tax savings using a DEPENDENT CARE FSA below:

1. Estimated dependent care expenses (from Worksheet 1)	\$
2. Maximum expenses eligible for tax credit (\$3,995 for one child, \$6,604 for two children and \$7,430 for three or more children)	\$
3. Adjusted gross income (from your last income tax return)	\$
4. Percentage of federal income tax credit	%
5. Estimated tax credit (the lesser of Line 1 or Line 2 above x tax credit from line 4)	\$
1. Estimated annual dependent care expenses (Worksheet 1)	\$
2. 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	%
3. Estimated tax savings (estimated annual dependent care expenses x 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.

HEALTH FLEXIBLE SPENDING ACCOUNT (Health FSA)

INTRODUCTION

A Health Flexible Spending Account is a cost-effective way to pay for 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, on a calendar-year basis, by paying for health-related expenses with pre-tax dollars.

You designate an amount of money to be set aside from your paycheck. This money is deducted from your gross pay before federal, state, city and Social Security taxes are calculated. To use the Health 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 reimbursements 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.

1. Who is eligible?

The Flexible Spending Accounts (Dependent Care Flexible Spending Account and Health Flexible Spending Account) are provided as options for all eligible full-time (90%-100%) and part-time (50%-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. See page 16 for a list of qualifying life events.

2. When is my coverage effective?

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

Example

If an employee is hired 7/15 and enrolls in the Health Flexible Spending Account the same day. The program goes into effect 8/1. Only eligible expenses occurring 8/1 or after may be submitted for reimbursement. If this same employee waits to enroll until 8/15 then the program goes into effect 9/1. Only eligible expenses occurring 9/1 or after may be submitted for reimbursement.

3. 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 healthequity.com/fsa-gme.

4. What expenses don't 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

- Canceled appointment fees
- Personal trainer
- Teeth whitening/bleaching
- Vitamins (unless medically necessary)

A complete list of eligible/ineligible expenses can be located on the web by going to healthequity.com/fsa-qme. In addition, reimbursements can be made only for health care services that are incurred during the plan year. The MSU Health FSA plan year is January 1 through December 31, with a grace period up to March 15th of the following year. For more information about deadlines to submit claims go to www.hr.msu.edu, select the Benefits link and then the Flexible Spending Accounts link.

5. How much can I contribute to my HCSA?

Eligible employees may contribute up to \$2,850 per year for the year 2023. This is a per-eligible individual maximum. If you are married and your spouse's employer also offers a Health Flexible Spending Account or both you and your spouse work at MSU, and each of you would like to have your own separate Health FSA.

Before the plan (calendar) year begins you will need to determine your annual election. After you determine your estimated annual expenses and arrive at a Health 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 (calendar) year. This amount will be contributed to your Health Flexible Spending Account. A worksheet is available on page 18 of this brochure to help you calculate your estimated expenses. A listing of the monthly and bi-weekly pay dates can be found on the web at www.ctlr.msu.edu/payroll. You will need to plan carefully as the IRS requires, in most cases, that any unused money left in your account at the end of the plan year be forfeited.

6. How do I receive reimbursement?

To receive reimbursement from your account you must:

1. Complete a Healthcare Account Claim form and include receipts and required documentation prior to the program deadlines (See page 20 for program deadlines). You can submit claims in either of the following ways:
 - **Online.** Log in to your account at participant.wageworks.com to file your claim electronically and upload your documentation.
 - **Fax or mail.** You can obtain a claim form at 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 the name of the provider and patient, date of service, amount of the payment, amount covered by insurance and a description of the services rendered. Services submitted must be incurred within the plan (calendar) year. Be sure to retain copies of the reimbursement request forms and copies of your receipts for your records.

3. After submitting the Healthcare 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, like prescriptions and office-visit co-pays, you can pay for your purchase directly with a debit card that is issued to every enrollee. The Health FSA debit cards 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 FSA debit card to pay for purchases, you do not have to submit a reimbursement form, but you should keep your receipts in case you are audited or asked to substantiate the eligibility of your purchases at a later date.
5. You can arrange to pay your healthcare providers directly from your WageWorks/HealthEquity account for your eligible expenses by selecting the Pay My Provider option under Submit Receipt or Claim when logged into your account at 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 healthcare flexible spending account. This applies to any distribution made on or after June 18, 2008.

For further information on the Health Flexible Spending Account or to access the on-line claim forms, go to 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 HEART Act Reimbursement form.

Please note: You have until the last day in April to submit reimbursement requests for the previous year's expenses.

7. Can I change the amount of money I put into my account?

Once you enroll in a Health FSA, your participation must continue unchanged until the end of the plan (calendar) year unless you have a qualifying life event. 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 rehired in the same calendar year.

Your total contributions for the year may not exceed the total contributions described on page 14, "How much can I contribute to my Health 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 rehire) will be calculated by adding any balance (including a negative balance) remaining in your Health 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 (calendar) year, you may make changes to this benefit at www.ebs.msu.edu within 30 days of the occurrence through the EBS portal. Any changes to the Health FSA become effective the first day of the month following the changes. If you are rehired 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 call MSU Human Resources Office at 517-353-4434 (toll-free 800-353-4434).

How the Health Flexible Spending Account saves you money.

Here is an example if a single person, has a taxable income of \$35,000 per year and elects to contribute \$500 to a Health Flexible Spending Account and during the plan (calendar) year, the individual files eligible claims for the \$500 in the Health FSA account. As shown below, the individual will save \$186 in taxes.

	Without a Spending Account	With A Spending Account
1. Annual Pay	\$35,000	\$35,000
2. Less: out-of-pocket medical expenses pre-tax	\$0	-\$500
3. Taxable income	\$35,000	\$34,500
4. Less: federal taxes (based on 25% from table B in pocket)	-\$8,750	-\$8,625
5. Less: state taxes (based on 4.35%)	-\$1,523	-\$1,501
6. Less: FICA taxes (Social Security and Medicare-based on 7.65%)	-\$2,678	-\$2,639
7. Less: out-of-pocket medical expenses after-tax	-\$500	\$0
8. Income after medical expenses	\$21,549	\$21,735
Taxes saved	\$0	\$186

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

8. Will participation in a Health FSA affect my other benefits?

Participation in the Health FSA program may affect your future Social Security benefits because contributions to a Health 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 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 an FSA if you currently are already contributing to a Health Savings Account (HSA).

9. Will a Health FSA work for me?

To help you decide if a Health FSA will work for you complete the worksheet on page 18. The worksheet will assist you in determining your estimated annual health care expenses, your HCSA 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.

10. How do I enroll in the Health Care Spending Account?

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

New Hires/Rehires

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

Change in your 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.

*Adjustment reason tiles are located online at www.hr.msu.edu. Select EBS login. Enter your MSU NetID and password. Select the My Benefits link and then the adjustment reason tile. Your adjustment reason tile will vary depending on the reason for enrollment.

Qualifying Life Events

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

- Marriage
- Divorce
- Birth, adoption, or legal guardianship of your child
- Death of a Spouse or Dependent
- Change in your spouse's coverage or job
- Unpaid leave of absence
- Change in Day Care Provider
- Change in day care provider or rates – resulting in a significant change in cost

If you have a qualifying life event during the plan (calendar) year, please contact Human Resources Office at 517-353-4434 (toll-free 800-353-4434) or at SolutionsCenter@hr.msu.edu for information about the process and the 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 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 benefit 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 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 Flexible Spending Account 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.

11. What happens if I take an unpaid leave of absence 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 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 12/31 you are required to re-enroll in the Health FSA program within 30 days of your return.

12. Where can I get more information?

Please direct questions about your MSU Health Flexible Spending Account (Health FSA) to the plan administrator as listed at the end of this brochure.

Health Care Spending Account Worksheet

The worksheet below will help you estimate your annual uninsured medical expenses for the upcoming plan (calendar) year, and your estimated tax savings realized through your participation in the Health 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.

	Projected Plan Year Expenses (Not covered by insurance)
Medical and dental expenses	\$
Medical and dental deductible	\$
Medical insurance co-payments and coinsurance	\$
Dental insurance co-payments and coinsurance	\$
Immunizations, injections, and vaccinations	\$
Routine examinations	\$
Dental and orthodontic expenses	\$
Prescription drugs or co-payments	\$

Eye examinations	\$
Transportation to and from medical provider	\$
Medically necessary elective surgery	\$
Other expenses	\$
Total estimated, uninsured medical and dental expenses for the plan year.	\$

	Estimated Contribution and Tax Savings
1. Write down your desired Health FSA HCSA plan year contribution.	\$
2. Divide your contribution by your number of regular pay periods (12 or 26).	\$
3. This is the amount that will be taken out of each regular paycheck and deposited into your Health flexible Spending Account.	\$
4. 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. Your Tax Rate	%
Tax savings per paycheck	%

*FICA tax is composed of Social Security and Medicare taxes.

A calculator is available online to help you estimate your healthcare expenses. Go to www.hr.msu.edu select Benefits and then select Flexible Spending Accounts to access more information.

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 flexible spending account. A Qualified Reservist Distribution (QRD) payment can be requested. Use the [HEART Reimbursement Act Form](#) to request a Qualified Reservist Distribution payment.

2022 Program Year Deadlines

- The deadline to use your Dependent Care FSA funds: March 15, 2023
- The deadline to submit receipts for your Dependent Care FSA: April 30, 2023
- The deadline to use your Health Care FSA funds: March 15, 2023
- The deadline to submit receipts for your Health Care FSA: April 30, 2023

2023 Program Year Deadlines

- The deadline to use your Dependent Care FSA funds: March 15, 2024
- The deadline to submit receipts for your Dependent Care FSA: April 30, 2024
- The deadline to use your Health Care FSA funds: March 15, 2024
- The deadline to submit receipts for your Health Care FSA: April 30, 2024

MSU Plan Administrator:

HealthEquity

Headquarters Address:

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

Claims Administrator Address:

US Mail:
P.O. Box 14053
Lexington, KY 40512

Telephone Number: 877-924-3967

Fax: 877-353-9236

Website: [Healthequity.com/fsa](https://healthequity.com/fsa)

App: [EZ Receipts](#)