

Flexible Spending Accounts

A Flexible Spending Account (FSA) is a great way to save money. You never pay taxes on this money as long as you use it to pay eligible expenses, so it boosts your spending power.

There are two different types of FSAs and you can enroll in either or both. When you enroll, plan your contributions carefully. Expenses must be incurred between January 1, 2020 (or the date that you are first enrolled in the plan) – and March 15, 2021, to be eligible. And you must file your claims no later than April 30, 2021.

Important: Think carefully about your contribution amount! FSAs are subject to the IRS “use it or lose it” rule, meaning any unused funds remaining in your account(s) after these deadlines will be forfeited.

Health Care FSA

With a Health Care FSA, the entire election amount is available on the first day of the plan year. That makes an FSA a great tool for saving money, especially when big expenses are anticipated. Common eligible expenses are prescriptions, hearing aids, orthopedic goods, doctor visits and dentist visits, chiropractic care, orthodontia and even laser eye surgery.

Remember: You must actively elect to contribute to your FSAs every calendar year if you want to continue participating. Elections from prior years will not rollover.

★ **New Limit for 2020**

You can contribute up to \$2,700 annually in your Health Care FSA.

Dependent Care FSA

A Dependent Care FSA allows you to put money aside for work-related dependent care for children up to age 13, a disabled dependent of any age or a disabled spouse. You may receive reimbursement up to the balance in your account at the time the request is made. To be eligible for a Dependent Care account, you and your spouse (if applicable) must work, be looking for work or be full-time students.

You can contribute up to \$5,000 to your Dependent Care FSA in 2020 if you are single or if you are married and file a joint income tax return. If you are married and your spouse files a separate tax return, the most you can contribute is \$2,500.

Note: The IRS allows pre-tax contributions to Flexible Spending Accounts as long as the plan does not favor highly-compensated employees (HCE) as defined by the IRS. To ensure our plans remain compliant with this provision, you will not be allowed to enroll in the Dependent Care FSA if your salary is \$125,000 or more.

To find out which specific expenses are eligible, view the searchable eligibility list at www.DiscoveryBenefits.com/eligibleexpenses.



Discovery Benefits Debit Card

The Discovery Benefits debit card is the fastest and most convenient way to pay for eligible expenses. The debit card makes it easy to access funds in your pre-tax benefits accounts, reducing your out-of-pocket costs. At many merchants, it also simplifies the way expenses are verified for eligibility.



Swipe your debit card to instantly pay for eligible expenses with funds from your account. Occasionally, documentation will be needed to verify the eligibility of an expense paid for on your debit card. Even places like doctors' and dentists' offices may require you to submit documentation because some expenses available at these facilities may not be IRS-eligible (e.g. cosmetic procedures, teeth whitening).

Submitting Receipts and Filing Claims

The IRS requires FSA participants to provide documentation to show that an expense is FSA-eligible.

When submitting documentation for a debit card transaction, an Explanation of Benefits (EOB) from your insurance company will typically be your best bet, as it contains all the information you need to substantiate a claim. But, when in doubt, the IRS has identified the criteria for what needs to be included when submitting documentation for eligible expenses:

- Name of the provider/merchant
- Date(s) of service
- Type(s) of service
- Amount (after insurance, if applicable)
- Name of person who received the services (if the account covers dependents)

You can file claims and submit documentation in seconds using the Discovery Benefits mobile app. Just use your phone's camera to take pictures of your documents and upload them on the spot. You can also file claims and submit documentation through your Discovery Benefits online account or via fax or mail.

No matter which method you use, Discovery Benefits will process your claim in just two business days!

Visit ALEX at
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and use the FSA calculator to see the
potential tax savings you and your
family could experience with an FSA