Flexible spending account with autopay and debit card.

Your Flexible Spending Account (FSA) allows you to pay for eligible medical and dependent care expenses on a pre-tax basis. With an FSA, money is taken out of your paycheck before taxes to pay for these eligible expenses. Because FSA dollars are not taxable, more of your money stays in your own pocket.

There are two ways you can save with an FSA:

- **A Health Care Flexible Spending Account** (Health Care FSA) allows you to use before-tax dollars (up to your plan's maximum amount) to pay for typical out-of-pocket health care expenses, such as deductibles, copayments and other medical expenses not covered by your health plan, including over-the-counter items.
- **A Dependent Care Flexible Spending Account** (DCFSA) allows you to use before-tax dollars (up to the allowable maximum amount) to pay for child care or care for an elderly or disabled family member.

By planning carefully and using your FSA, you can save the equivalent of your tax bracket percentage – 15%, 28%, or 33% (determined by your salary) – on certain typical expenses. If your family anticipates significant health care or dependent care expenses next year, it can mean major savings.

How FSAs work

- Before the beginning of each plan year, you decide how much you wish to contribute to your health care and/or dependent care account for the next year. Money set aside for health care expenses cannot be used for dependent care, or vice versa.
- The money is then deducted from your paycheck throughout the year and made available for reimbursement in your FSA.
- Simply complete the health care or dependent care section of the FSA reimbursement form, attach all applicable receipts or the EOB (Explanation of Benefits), and fax or mail it to the number or address shown on the form.
- AutoPay allows for the eligible unpaid balance of medical claims to be automatically processed for reimbursement from the FSA – you will not need to submit a reimbursement request. Keep in mind that you cannot choose this feature if you have other insurance coverage, non-eligible tax dependents on your health, dental or vision plan or only want to be reimbursed for certain expenses.
- The debit card allows you to access your health care FSA dollars immediately to pay for eligible expenses as defined by your employer. Check with your employer or your plan materials to see which services you can use your debit card for.
- Be sure to keep your receipts from any health care debit card purchase. In fact, the IRS requires that you save all of your debit card receipts, as with any expense that impacts your taxable income. If we can't match a debit card transaction to a specific eligible expense, you may receive a letter from us asking you to send us your receipts to help us verify the purchase. If you receive a letter, please respond quickly. If we don't hear back from you, the IRS requires us to deactivate your debit card.
- If you pay claims with your personal funds, submit a reimbursement request on **myCigna.com**® or the **myCigna**® **App**, or complete a hard copy and submit it by fax or mail. You'll be reimbursed using the funds in your FSA.

Note: FSAs are made possible by Section 125 of the Internal Revenue Code. The information contained in this summary is based on federal tax laws in effect at the time it was written. Federal tax laws and Internal Revenue Service regulations can and do change from time to time.

869821 f 12/23 Facets

cigna healthcare

- You can choose to have claim reimbursements deposited directly to your personal account. You can access FSA balance information, transaction history and claim status anytime through **myCigna.com** or the **myCigna App**. Customer service is available 24/7/365 at the number on the back of your Cigna ID card.
- Programs and tools are available online to help you make informed health care decisions. You can research provider cost and quality information, drug cost and detailed drug information, such as side effects and interactions, and medical information.

Health Care FSA

Even though your health care benefits plan covers a wide range of expenses, many costs are your responsibility. A health care FSA can benefit you by allowing you to be reimbursed for eligible expenses with pre-tax dollars.

Plan highlights

A more detailed list of eligible expenses (as currently defined by the IRS) under a health care FSA is available from your employer. Some examples include:

- Copayments, deductibles and coinsurance for your medical and dental plan and for your spouse's plan.
- Eligible medical, dental and orthodontia expenses not covered under any health plan.
- Eye examinations, Lasik eye surgery, lenses (including contact lenses) and frames.
- Hearing examinations and hearing aids.
- Prescription drugs not covered by any health plan.
- Some over-the-counter medications.[1]
- Acupuncture treatments.
- Smoking cessation treatment and prescriptions.
- Transportation expenses for eligible medical visits.
- Weight loss programs (proof of medical necessity required).

Some examples of ineligible expenses include:

- Air purifiers
- Cosmetic surgery and related expenses
- Illegal treatments
- Massages, for general well-being
- Vitamins and nutritional supplements

The health care FSA may be used to pay for expenses for you, your spouse and any dependent that you can claim on your current income tax return. Even if you do not cover your spouse or eligible dependents under your employer medical plan, you can claim their eligible health care expenses through your health care FSA.

Dependent Care Flexible Spending Account

A DCFSA makes it possible to pay for child care expenses or care for elderly or disabled dependents with before-tax dollars.

Eligible expenses

A more detailed list of eligible expenses is available from your employer. Some examples include:

- Day care centers
- Preschool
- Babysitter fees
- Summer day camp
- In-home day care
- Adult day care facilities

Plan Highlights

- If you are a single parent or if you are married and file a joint return, you may set aside from $10 to $416.66 each month (up to $5,000 per year) in your DCFSA.
- If you are married and file separately, you may set aside from $10 to $208.33 each month (up to $2,500 per year).
- If your spouse is also eligible for a DCFSA (at the same or a different employer), and you file a joint return, you and your spouse may split the $5,000 maximum any way you desire, but the total may not exceed $5,000 per calendar year.

The IRS requires that you meet the following criteria:

- The dependent care must be necessary to allow you to be gainfully employed or looking for work.
- Volunteer work is not considered gainful employment if unpaid or volunteer work for a nominal salary.
- If you are married, your spouse must also be gainfully employed, must attend school full-time, or must be incapable of self-care.

Note: You are not able to transfer funds from your health care FSA to your dependent care FSA or vice versa.

- The dependent care provider must be either a licensed facility, or other individual not considered your dependent for income tax purposes.
- The dependent(s) receiving care must depend on you for at least 50% of their support. A child must be under age 13 and adults must be mentally or physically incapable of caring for themselves.
- Please refer to IRS Publication 503 for specific rules related to dependent care and divorced or separated parents.

While FSAs offer tax savings, you should keep in mind the following:

- **Year-end balances:** Employers choose how year-end balances are handled, so check your plan provision to determine if your plan includes any of the following:

  Health Care FSA:

  Carryover: Your employer may allow you to carry up to $640 of unused funds over into the next year.

  Grace period: An extended year-end grace period gives you additional time to incur eligible expenses and use the funds remaining in your account to cover those expenses.

  Use it or lose it: If your employer does not choose either of the above options, any money left in your health care FSA after the year's expenses have been paid must be forfeited – though at the end of the year you may have additional time, typically three months, to submit claims for the prior year (see your employer for specific time limitations for your plan).

  Dependent Care FSA:

  Grace period: An extended year-end grace period gives you additional time to incur eligible expenses and use the funds remaining in your account to cover those expenses.

  Use it or lose it: If your employer does not choose to offer a grace period, any money left in your dependent care FSA after the year's expenses have been paid must be forfeited – though at the end of the year you may have additional time, typically three months, to submit claims for the prior year (see your employer for specific time limitations for your plan).

- **The FSA contribution amounts you choose on your enrollment form will stay in effect throughout the plan year,** unless you experience a qualifying change in family status such as marriage, divorce, birth, death or change in employment status. You can adjust your contribution amount when you re-enroll for the next plan year.

- **Your pre-tax FSA contributions reduce your federal income tax as well as your FICA tax** (Social Security tax). As a result, you may slightly reduce your Social Security benefit at age 65. You should consider this, along with the short-term tax savings of an FSA, when deciding how much to contribute. Other benefits which are based on your salary, such as pension or life insurance benefits, will not be affected in any way. They will be calculated based on your gross salary before FSA contributions.

Here's how you can save with an FSA

	WITHOUT FSA	WITH FSA
Gross pay	$ 25,000	$ 25,000
Health care FSA contributions	- $ 0	- $ 2,000
DCFSA contributions	- $ 0	- $ 5,000
Salary you're taxed on (line one minus lines two and three)	**$ 25,000**	**$ 18,000**
Less federal income tax*	- $ 3,750	- $ 2,700
Less Social Security tax*	- $ 1,913	- $ 1,377
Less after-tax health care expenses	- $ 2,000	- $ 0
Less after-tax dependent care expenses	- $ 5,000	- $ 0
Your take-home pay	**$ 12,337**	**$ 13,923**

You can save $1,586 in taxes with your FSA!

*This is an example used for illustrative purposes only and is based on an effective federal income tax rate of 15% and Social Security taxes of 7.65%. Actual results will vary and depend on your effective federal income tax and Social Security tax rates.

Things to remember

Expenses

Expenses must be incurred during the FSA plan year to be considered eligible. Expenses are incurred when you receive medical care, not when you are formally billed or charged for, or pay for, the medical care.

Orthodontic care

Orthodontic expenses are reimbursed through the health care FSA according to the IRS regulations. These expenses are reimbursed up to the full amount that has been paid to the provider, depending on available FSA balance.

If you are planning to participate in an FSA for orthodontia reimbursement, please contact us at **1.866.494.2111** to learn how to receive the most benefit of your expenses.

Termination of employment

If you separate from your employer during the plan year, you may be able to continue your health care FSA through COBRA. All contributions after your termination must be made manually on a post-tax basis. If you choose not to continue your health care FSA, only those expenses with dates of service during your active employment period will be reimbursable, and any unused health care FSA funds remaining after your active employment period will be forfeited.

You may not continue your DCFSA if you separate from your employer. Any unused funds in your account will be forfeited after your active employment period.

Dependent Care Flexible Spending Account (DCFSA)

If you submit a reimbursement request for an amount that is more than your current DCFSA balance, you will be reimbursed for the amount of your current balance. The remaining amount will be paid when additional funds are deposited into your account (from your next paycheck).

Go to **myCigna.com** or use the myCigna App for account details, including up-to-date balance information, claim and reimbursement status, forms and answers to general questions. Call the number on your ID card to speak live with a customer service representative 24 hours a day, seven days a week.

1. You will not be able to use these spending accounts to pay for most over-the-counter drugs and medicines unless you have a doctor's prescription. You will not need a prescription for insulin and diabetic supplies.

The information in this brochure is not intended as tax advice. You are encouraged to discuss your specific needs and circumstances with your personal tax advisor.