

# Flexible Spending Accounts

Flexible Spending Accounts allow you to save taxes on the money you spend for eligible medical/dental and/or dependent care expenses. You may set aside money through payroll deductions during the calendar year to pay for predictable expenses, and amounts are deducted from your gross pay *before* federal, state and Social Security taxes are withheld. Because you pay no taxes on your FSA deposits, you effectively increase your spendable income over the year.

## PLAN HIGHLIGHTS

- Two accounts are available: a Health Care Account and a Dependent Care Account. During Open Enrollment each fall, you decide the total amount you want deposited into either or both of the FSA accounts for the next calendar year, and that amount is deducted from your paychecks throughout the year.
- Once you choose your FSA deposit amount, **you may not change or stop your deductions during the year** unless your family status changes (due to marriage or birth of a child, for example), and the action must be consistent with the status change. *[EXCEPTION: Due to COVID-19 issues, the IRS is allowing mid-year changes to both FSA accounts during 2020.]*
- The *Health Care Account* is used to pay for eligible medical and dental expenses that are not covered by insurance plans. Some of the expenses eligible for reimbursement are: deductibles and copayments under health insurance and dental plans; orthodontic care; chiropractic care; eyeglasses and contact lenses. The IRS has indicated that expenses for solely cosmetic reasons or for the maintenance of general health are not eligible expenses for medical care. Such **non-covered expenses** include, but are not limited to, teeth bleaching, rogaïne, and vitamins (unless prescribed). Premiums you pay for medical and dental coverage, whether for yourself, your spouse, or a dependent, are *not* eligible expenses. The 2020 maximum contribution is **\$2,750** per year and the minimum is \$100 per year.
- The *Dependent Care Account* is used to pay for certain dependent care expenses incurred because you (and your spouse, if married) are employed. Eligible expenses include charges for the care of dependent children age 12 and under or for elderly or disabled family members who are dependent on you for financial support. The maximum annual contribution is \$5,000 and may be less under certain circumstances (e.g., the limit is \$2,500 if you are married filing separately).
- You submit claims and supporting documentation for eligible expenses incurred during a plan year for payment from the appropriate account. Claims are handled by *WageWorks*, the third-party administrator. For the Health Care Account three options are available:

**“Reimbursement Request”** – Claims may be submitted electronically by logging onto your WageWorks account, completing a claim and uploading the required documentation. Claim Forms are also available on the *WageWorks* website or from the Benefits Office. Paper claim forms may be used to submit claims for reimbursement to you from both FSA accounts and can be submitted to WageWorks via fax or mail.

**“WageWorks Debit Card”** – You make an eligible purchase (e.g., pharmacy prescription) or pay an eligible provider (e.g., doctor’s office copayment) using the “debit card.” The card pays directly from your Health Care FSA account – no out-of-pocket expense or claim form. If a debit card transaction is subsequently questioned (i.e., the transaction cannot be electronically verified), you will be requested to provide additional information to verify that the purchase was an eligible expense, or to reimburse the FSA account. (Most dental and vision services, for example, will require substantiation because some services, such as teeth whitening, do not qualify

for reimbursement.) “Unverified” charges reduce the FSA’s available balance until the charge is verified, offset by a future eligible expense, or paid back to the account.

**“Pay the Provider”** – At times, you may instruct WageWorks to pay your provider directly from your FSA Account. This feature is particularly useful for Dependent Care expenses. (The amount paid must be in your account.) Instructions can be found in the “Quick Start Guide” that will be sent to you from WageWorks after you enroll in the plan. The WageWorks “Quick Start Guide” is also included on the BC Open Enrollment website.

- *“Carryover” Feature* – This provision will allow the carryover of a remaining balance (minimum \$25, maximum \$550) from one year to the next in the Health Care Account. The carryover provision does not apply to the Dependent Care FSA. Unused funds over \$550 (or under \$25) in the Health FSA will be forfeited, in accordance with IRS regulations.
- You cannot switch funds between accounts.
- If you terminate employment, your deductions will stop and you may not submit claims for services incurred after your termination date, unless you continue to make monthly contributions by personal check through the Benefits Office (for the Medical/Dental Account only). If you go on an unpaid leave-of-absence, you may continue to participate in the plan. Contributions that are due can be made by after-tax payments during the leave, or with catch-up contributions after the leave ends.
- **IMPORTANT: Once the period for submitting claims expires, any funds (excluding the \$550 carryover amount) remaining in your account must be forfeited**, in accordance with Internal Revenue Service regulations. This is called the **"use it or lose it" rule**. **Therefore, it is important to estimate your expenses carefully when you enroll in the plan.**

## FOR MORE INFORMATION

Go to the *WageWorks* website at [www.wageworks.com](http://www.wageworks.com) or call 1-877-924-3967.

## ENROLLMENT

New employees may enroll in the plan within 31 days after their hire date for the remainder of that calendar year. Coverage will be effective the first of the month coinciding with or next following the hire date. Enrollment is done online through Boston College’s PeopleSoft Human Resources/Payroll System, accessed through the Agora portal. Employees who don’t enroll during their first 31 days normally will not be able to enroll until the next open enrollment period.

[Note: Once you enroll, you should register on the *WageWorks* website. Go to [www.wageworks.com](http://www.wageworks.com) and click on the orange ‘Log in / Register’ button and select “Employee Registration.” When asked for your “ID Code” use the last four (4) digits of your Social Security number.

Each fall there is an Open Enrollment period for the next plan year beginning January 1. If you are eligible to participate and you do not enroll during the Open Enrollment period, you normally will not be able to enroll until the next open enrollment period, unless certain family status changes occur (e.g., marriage, birth of a child). If you have questions, please call the Benefits Office at x2-3329 or send an e-mail to [benefits@bc.edu](mailto:benefits@bc.edu)

