



Flexible Spending Account (FSA)

## Valuable pre-tax benefits with convenient tools

Why not use pre-tax dollars to pay for medical co-pays, prescriptions, and/or daycare fees, thereby reducing your taxable income and increasing your take-home pay? It's a no-brainer.

The pre-tax advantages of a Flexible Spending Account (FSA) allow you to save **up to 30%** on your eligible healthcare and/or dependent care expenses every year. Consider how much you spend on these costs for you and your qualified dependents in one year and how much you could save by using pre-tax dollars.

### How it Works

FlexSystem FSA is offered through your employer and is administered by TASC. When you choose to enroll in a FlexSystem Healthcare and/or Dependent Care FSA, you determine the dollar amount you want to contribute to each account based on your estimated expenses for the upcoming Plan Year. Your contributions will be deducted in equal amounts from each paycheck, **pre-tax**, throughout the Plan Year.

**The more you contribute to these accounts, the more you reduce your taxable gross salary. And with less taxes taken, your take-home pay increases!**

Your total annual Healthcare FSA contribution amount is available immediately at the start of the Plan Year. Dependent Care FSA funds are available up to the current account balance only.



### The TASC Card Convenience

Enjoy easy access to your FSA funds with the swipe of a card instead of out-of-pocket spending and requesting a reimbursement!

### Pre-Tax Savings Example

	<i>Without FSA</i>	<i>With FSA</i>
Gross Monthly Pay:	\$3,500	\$3,500
<b>Pre-Tax Contributions</b>		
Medical/Dental Premiums	\$0	-\$125
Medical Expenses	\$0	-\$75
Dependent Care Expenses	\$0	-\$400
<b>TOTAL:</b>	\$0	-\$600
<b>Taxable Monthly Income</b>	<b>\$3,500</b>	<b>\$2,900</b>
Taxes (federal, state, FICA):	-\$968	-\$802
Out-of-pocket Expenses:	-\$600	\$0
<b>Monthly Take-home Pay:</b>	<b>\$1,932</b>	<b>\$2,098</b>

**Net Increase in Take-Home Pay = \$166/mo!**

For illustration only. Actual dollar amounts may vary.

**2017 FSA Maximum Contribution: \$2,600**

**2017 Dependent Care Maximum Contribution: \$5,000**

### Carryover puts your mind at ease!

With your Healthcare FSA Plan, up to \$500 of any leftover healthcare funds may be carried over into the next Plan Year with no cost or penalty.



Multiple self-service tools available to easily manage your FlexSystem account(s) and TASC Card transactions:

MyTASC Online: [www.tasconline.com](http://www.tasconline.com)

MyTASC Mobile App: [www.tasconline.com/mobile](http://www.tasconline.com/mobile)

MyTASC Text Messaging (SMS)

## How to Access Your FSA Funds

As eligible expenses are incurred, you have two options to access your available FlexSystem FSA funds:

**1) TASC Benefits Card:** upon enrollment into the Plan, you will receive a TASC Card in the mail, which can be used to pay for eligible expenses at the point of purchase. Simply swipe your TASC Card where MasterCard is accepted.

With smart card technology, the TASC Card automatically pays for and substantiates most eligible expenses without requiring any paperwork.

**2) Request a Reimbursement:** simply submit a request for reimbursement to FlexSystem using one of the following methods:

- Submit via MyTASC Mobile App (free download)
- Submit via MyTASC Text Message (SMS)
- Download Request for Reimbursement form online (paper)

Your reimbursement is direct deposited into your **MyCash account** or a designated bank account. MyCash funds are accessible via your TASC Card to be used for **any** type of purchase or ATM cash withdrawal.

## Eligible Expenses

FlexSystem FSA funds may only be used for eligible expenses under your healthcare FSA and/or dependent care FSA. Some eligible expenses include:

- Medical/dental office visit co-pays
- Dental/Orthodontic care services
- Eye exams and prescription glasses/lenses
- Prescriptions
- Vaccinations
- Daycare Fees

A complete list can be found at [www.irs.gov](http://www.irs.gov) in IRS Publications 502 & 503. Please note insurance premiums are NOT eligible for reimbursement.

## Important Considerations

### ***FSA Funds do not Rollover:***

It is important to be conservative in making elections because any unused funds left in your FSA at the close of the Plan Year are not refundable to you (the exception to this rule is for the Healthcare FSA where funds (up to \$500) may carryover to the next Plan Year Healthcare FSA as elected by your employer). You are urged to take precautionary steps, such as tracking account balances on the FlexSystem website and/or using the Interactive Voice Response System, to avoid having funds remaining in your account at year-end.

### ***Changing Elections During the Plan Year:***

You may change your FSA elections during the Plan Year only if you experience a change of status such as:

- a marriage or divorce
- birth or adoption of a child, or
- a change in employment status

Refer to the *Change of Election Form* (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year.



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# Flexible Compensation Enrollment Form

Client TASC Id:

4904-9270-3992

Plan Name:

City of Holyoke

SANDRA SMITH  
CITY OF HOLYOKE  
ROOM 17  
536 DWIGHT STREET  
HOLYOKE MA 01040

Make sure to sign, date, and complete each line on the enrollment form. Please enter zero (0) where no amount is being deducted. **Return the completed and signed form to your employer.** For enrollment assistance, call toll-free 800-422-4661. Have your enrollment form, Client ID, and company name ready. **Please Print.**

Please select your appropriate number of pay periods (choose one):

24 pays  22 pays  21 pays  12 pays (School employee)  12 pays (City Employee)

Participant Last Name \_\_\_\_\_ First Name \_\_\_\_\_ Middle Initial \_\_\_\_\_

Participant TASC ID (if known) \_\_\_\_\_ Participant Email Address\* \_\_\_\_\_

Participant Home Phone Number\* \_\_\_\_\_ Participant Mobile Phone Number\* \_\_\_\_\_

Participant Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Participant's Plan Effective Date \_\_\_\_\_ Date of First Payroll \_\_\_\_\_

\*Required to access your account online or via your mobile phone, or to receive personal account notifications. Information is confidential and is not used for marketing purposes.

### Election Amounts

**Prior to completing your election amounts, refer to the instructions and frequently asked questions on page 2.**

I request the following amount(s) to be deducted pre-tax:	Maximum Employee Salary Reduction	Employee Annual Salary Reduction
Medical (Out-of-Pocket) Expenses	2600.00	\$ _____
Dependent Care Expenses(Daycare)	5000.00	\$ _____
Non-Employer Sponsored	No Maximum	\$ _____

### TASC Card

#### Additional TASC Card for Spouse or Dependent

Each participant may receive one additional card for their spouse or dependent free of charge. To request an additional TASC Card for your spouse or dependent, print their name below. Cards are mailed to your home address 7 – 10 days after your enrollment has been updated in FlexSystem.

Spouse or Dependent Name (Last, First, MI): \_\_\_\_\_

AUTHORIZATION: I certify the above information to be true to the best of my knowledge and that the children for whom I will be claiming dependent or child care expenses either reside with me in a parent-child relationship or are legally dependent on me for their support. I agree to have my compensation reduced by the deduction amount(s) stated above. I understand amounts remaining in my flexible spending account(s) not used for qualified expenses incurred during the plan year will be forfeited in accordance with current plan provisions and tax laws. I further understand the Flexible Spending Amount will be in effect for the entire plan year and cannot be changed or revoked except as permitted by federal law. I understand my share of eligible group premium(s) will be automatically deducted before taxes. I also understand, that if I do not wish to have my eligible insurance contributions deducted pre-tax and prefer to be taxed on these dollars, I will contact my payroll department. I understand additional TASC Cards issued to my spouse or dependent will provide the named individual with access to my flexible spending account(s) and MyCash account. I accept all responsibility for card transactions incurred by the named individual and will submit supporting documentation, as requested, for those transactions. I agree that upon inappropriate or fraudulent use of the TASC Card or termination of employment, I will immediately return all TASC Cards to my Employer.

Authorize Signature \_\_\_\_\_ Date: \_\_\_\_\_



## Enrollment Form Instructions

**Medical (Out-of-Pocket) Expenses:** This amount is usually paid per year toward deductible and co-insurance portions of health insurance, dental expenses, orthodontic expenses, eye care, and other miscellaneous healthcare expenses. A Participant may salary reduce up to the IRS annual maximum allowed per Plan Year (indexed annually for inflation). Visit [www.tasconline.com/benefits-limits](http://www.tasconline.com/benefits-limits) to view the IRS annual maximum. Your employer may have a Plan Year maximum less than the IRS allowed amount. Review your Summary Plan Description (SPD) or check with your employer for your Plan's maximum amount.

**Dependent Care Expenses:** Amount paid for day care expenses per year. The maximum allowable amount under IRS regulations is \$5,000 per calendar year per family; \$2,500 per calendar year for married individuals filing single.

**Non-Employer Sponsored Premiums:** Pre-tax reimbursement of privately purchased insurance premiums such as health, disability, and cancer insurance. Examples of insurance premiums NOT eligible are employer sponsored group insurance (premiums deducted from your paycheck or your spouse's paycheck), life insurance, long-term care insurance, and premiums for coverage under the federal exchange "Marketplace" program. Please note, when disability premiums are pre-taxed, the benefits received are taxable.

### Questions Frequently Asked by Employees

**1. What does FlexSystem offer?** FlexSystem offers you a choice to pay for certain qualified benefits on a pre-tax basis. Paying for certain benefits with pre-tax dollars reduces the amount you pay in taxes and increases your take-home pay. Every dollar paid on a pre-tax basis results in a savings to you. (See example in box.)

**2. Any cost or fee to me?** No

**3. Must I participate in my employer's health insurance?** FlexSystem is not tied to any insurance plan or company. You may participate in FlexSystem regardless of your particular insurance provider.

**4. What are qualified medical expenses?** These expenses include dental care, prescriptions, eyeglasses, and out-of-pocket medical expenses not covered by insurance. However, vitamins and other dietary supplements taken for general health purposes are not eligible. Purchases of over-the-counter (OTC) medicines and drugs (with the exception of insulin) are only reimbursable if accompanied by a prescription or Prescription Order Form from your medical practitioner. Below are some examples of eligible OTC health related expenses:

**OTC items that require a prescription or Prescription Order Form:** Acid Controlllers, Allergy and Sinus, Antibiotic Products, Cough, Cold and Flu, Digestive Aids, Pain Relief, Respiratory Treatments, Sedatives, and Stomach Remedies.

**OTC items that are eligible and need no physician authorization:** Bandages, Blood Pressure Kits, Contact Lenses, Contact Lens Solution, Diabetes Testing Supplies, Durable Medical Equipment, Hearing Aid Batteries, Heating Pads, Insulin, Nebulizers, Thermometers, Walkers and Wheelchairs.

**5. How does the Dependent Care Account compare with the tax credit available on the individual Form 1040?** The circumstances that determine which option offers greater savings vary from family to family, as such, the decision to choose the tax credit or the dependent care deduction may be made on a case by case basis only. Participation in FlexSystem results in an immediate savings on Federal, State, and Social Security tax, whereas the Federal credit will affect Federal Income Tax only and will be taken at year-end.

**6. How does a Cafeteria Plan affect Social Security benefits?** Reduction of your Social Security benefits will be minimal and is offset by the tax savings and lower health care costs available under FlexSystem. To compensate for this minimal reduction, you may consider increasing your retirement plan funding.

**7. Under what circumstances can the annual election be changed?** The elections may be changed only if there is a change in family or employment status. See the Change of Elections Form for more detail.

**8. What is the Use-or-Lose Rule?** To avoid an account balance at year-end, be conservative when making elections. Any funds left unused at the end of the Plan Year are forfeited, unless your employer offers a Carryover (for Medical Out-of-Pocket Expenses Benefit only).

**9. What is the Medical (Out-of-Pocket) Expenses Carryover?** An employer may allow Participants in the Medical (Out-of-Pocket) Expenses Benefit to carryover to next year's Medical Expense Benefit a portion of their unused balance. The Carryover amount applies to the following year's benefit after close of the prior Plan Year Runout, at which time it may be used to reimburse expenses incurred in the new Plan Year. While the IRS Carryover maximum is \$500, your employer may establish a lower amount. Refer to your Summary Plan Description for details specific to your Plan.

**10. Who determines the rules and regulations of FlexSystem?** Flexible Spending Accounts are regulated by the IRS. Our documentation guidelines are intended as a means to ensure eligibility of your requests for reimbursement. It is the Participant's responsibility to comply with these guidelines and to avoid duplication of requests or submission of ineligible charges. Failure to adhere to the above requirements could lead to payment delays or denial of expenses. In the event of an error or omission in the course of administering the Plan on behalf of the employer and participating employees, TASC will notify and remedy the error or omission. The employer and employees agree to TASC's procedures for making any corrections, including but not limited to payroll reduction. An error by the employer or TASC does not constitute an assumption of liability for the amount of the error.

### Pre-Tax Example

	Without FlexSystem	With FlexSystem
Gross Pay	\$3,500/mo	\$3,500/mo
<b>Pre-Tax Benefits</b>		
-Medical/Dental Premiums	0	300
-Medical Expenses	0	100
-Dependent Care Expenses	0	400
<b>TOTAL</b>	0	800
Wages subject to tax	3,500	2,700
Federal Tax	525	405
FICA Tax (Social Security)	268	207
State Tax	175	135
Out-of-Pocket expenses	800	0
<b>Spendable Income</b>	1,732	1,953

**Net Increase in Take-Home Pay = \$221/mo**

This is an illustration only and actual numbers may vary. Paying certain qualified expenses before tax increases your take-home pay.