

Flexible Spending Accounts

Use FSA Funds – Or Lose Them

This time of year benefits are on the top of most employees' minds as they consider benefit options. But don't forget about benefits you've yet to use this year, especially if you participate in a Flexible Spending Account, or FSA. If not used, the money in your FSA will be forfeited.

If you are one of the estimated 3 million participants in FSA programs, you understand the savings potential of putting pre-tax funds into an account for use on medical expenses not covered by insurance. However, the IRS code under which FSAs were created dictates that unspent funds be returned to the administrator at the end of the plan year.

Getting the Most Out of Your FSA

As the year winds down, consider the following ways to ensure you get the most out of your FSA:

- FSA money can be used to pay for a variety of out-of-pocket expenses, including those associated with ancillary benefits like dental and vision care. Because vision benefits allow members flexibility in out-of-pocket spending, vision care is an ideal use for FSA funds. Like FSAs, vision benefits often must be used by the end of the plan year. Money from the FSA can be applied toward the eye exam copay, out-of-pocket costs for prescription glasses or contact lenses (including upgrades) and supplies such as contact lens solution. Employees can even use FSA funds for LASIK surgery.
- Work with your employer to understand the rules of the plan. In May 2005 the IRS began permitting employers to offer a grace period of up to 2½ months. However, the grace period is optional and may not be available with all plans. Confirm with your benefits department the due date for submitting receipts against your FSA.

FSA-Eligible Vision Care Items

- Eye exam copayment
- Lens copayment
- Lens options and add-ons (coatings, tints, etc.)
- Out-of-pocket costs for prescription eyeglass frames
- Prescription contact lenses
- Contact lens solution
- Laser vision correction



- Know which type of plan you have. Because guidelines vary depending upon whether the account is an FSA, Health Spending Account (HSA) or a Health Reimbursement Account (HRA), it is important to understand the type of account you've enrolled in. While FSAs and HSAs have the same uses, HSAs may have tighter restrictions because the employer controls the money. Both HSAs and HRAs allow money to carry over.
- Use available resources. Most FSA plan administrators offer tools to help participants check available balances or estimate FSA contributions for the next plan year. Use these tools to help you maximize your savings.

If used wisely, FSAs can save you significant money on health-related costs – some experts estimate up to 30%. Just don't forget about your FSA or you could end up losing money at the end of your plan year.