Smart, simple savings

Aetna Flexible Spending Account Overview

A smart way to save

What is a Flexible Spending Account for health care and dependent care?

A Flexible Spending Account (FSA) allows you to set aside money for eligible expenses on a pre-tax basis. There are two types of Flexible Spending Accounts available — a health care account and a dependent care account. A health care account reimburses you for eligible out-of-pocket medical, dental, prescription or vision expenses, such as deductibles, copays, coinsurance and certain over-the-counter (OTC) drugs and medications with a prescription. A dependent care account generally reimburses you for services such as day care, before and after school programs, nursery school or preschool, summer day camp and even adult care. Money in an FSA is exempt from federal, most state and payroll taxes. That means you contribute to an FSA with money that hasn’t been taxed. For more information, please check IRS guidelines.

Getting started is easy!

To begin, estimate the amount that you will incur for eligible health care and/or dependent care expenses during the plan year. Then, review your expenses from the prior plan year to determine your annual pre-tax contribution. Your pre-tax contribution will be deducted from your paycheck and credited to your FSA. Please note that beginning January 1, 2013, new legislation will take effect that caps your pre-tax contribution for your health care FSA at $2,500 each plan year.*

What you need to know about FSAs:

- In general, you may only set your pre-tax contribution in an FSA during open enrollment or when you first become eligible based on your employer’s plan.
- Once you establish your plan year contribution, you may only change it if you experience a change in status. This would include a change in one of the following conditions:
  - Legal marital status (marriage, divorce, legal separation, annulment or death of a spouse)
  - Number of tax dependents (birth, adoption or death)
  - Employment status that affects eligibility
  - Dependent satisfying or ceasing to satisfy coverage requirements (reaching limiting age, gain/loss of student status, marriage)
- To apply for a change in your election, you must complete a change-in-election form through your employer’s Human Resources/Benefits department within 30 days of the date of the change in status event.

Important notes:

Estimate your FSA contribution carefully. Unused funds will be forfeited, depending on plan design, either:

- After the last day of the plan year, or
- Up to two months and 15 days into the following plan year (if allowed by your employer)

*Please check with your employer on annual pre-tax contribution maximum.
Keep connected anytime, anywhere

If offered by your employer, you can use your smartphone to access your FSA account virtually 24/7 with our mobile app, PayFlex Mobile™. You can view your benefit plan information, account balances, claims processed and transaction details at anytime. You’ll also receive important account updates to let you know the status of your account and when action may be required. You can even submit a claim “on the go” with your phone’s camera. It couldn’t be easier!

General health care expense information:

• Eligible health care expenses must be for services received after the effective date of your FSA election and during the plan year to which it applies.
• Your health care FSA contribution may generally be used for eligible expenses of your spouse, or child up to the age of 27, if this feature is part of your plan.
• All expenses must be for services received during the plan year, not for services to be provided in the future. In addition, the expenses cannot have been reimbursed and must not be reimbursable by insurance or any other source.
• You cannot claim the same expenses that you deduct on your annual income-tax return.

General dependent care expense information

• You must be actively working, seeking employment or be a full-time student in order for you to be reimbursed for your dependent care expenses.
• Expenses must be for services received after the effective date of your election and during the plan year to which it applies.
• Your expense(s) must be for a qualifying individual, which may generally include a dependent younger than age 13; or spouse or dependent living with you who is physically or mentally incapable of self-care.

• Services must be provided by an eligible dependent care provider.
• Expenses must be for services received, not for services to be provided in the future.
• Expenses can only be reimbursed up to the amount available in your account.
• The maximum amount allowed is generally limited to $5,000 per household/family. This limit is reduced to $2,500 for married employees filing separate returns. However, the exclusion cannot be more than the smaller of the earned income of either the employee or employee’s spouse. To learn more, please visit IRS Publication 503.

About PayFlex

PayFlex Systems USA, Inc., one of the nation’s leading account-based third party administrators, has become part of the Aetna family and provides administrative services for Aetna’s Consumer Financial Solutions products. PayFlex’s robust account tools, accessible through Aetna Navigator®, make it easy for you to manage your tax-advantaged accounts. Key features include real-time account balances, customizable account alerts, a mobile application if offered by your employer and the ability to decide if, how and when to use your Flexible Spending Account.

To learn more, contact your HR representative or visit www.aetna.com.