

Advantages to Employees

A Medical Mutual FSA saves your employees money. If an employee expects to incur medical expenses that won't be reimbursed by another plan, FSAs are a great way to save money while covering those costs. Employee contributions to an FSA are deducted from their pay before federal, FICA and state taxes are calculated and are never reported to the IRS. The end result is that they decrease their taxable income and increase their spendable income. Employees can save hundreds of dollars per year.

Potential tax savings using an FSA.*

Federal Tax Rate	Annual FSA Contribution	Annual Tax Savings*
15%	\$1,550	\$365
15%	\$2,550	\$586
25%	\$1,550	\$511
25%	\$2,550	\$841
33%	\$1,550	\$635
33%	\$2,550	\$1,045

* For illustrative purposes only. Based on a 7.65% FICA, 15% federal tax, and 5% state tax. Your employees' tax situation may be different. Consult a tax advisor.

Advantages to Employers

Health Insurance and FSA Integration

By offering Medical Mutual health insurance and an FSA together, we give your employees easy access to their benefits and an Ohio-based customer care team ready to answer any questions. We give you full administrative support, with employer tools designed to help you manage your employees—from onboarding to daily operations.

Payroll Tax Savings

You can save approximately 8 percent on every dollar your employees set aside (for employees earning less than the maximum amount used for Social Security).

Retirement and Insurance Premium Savings

When employees set aside pre-tax payroll deductions, employer contributions to 401(k), pensions and workers' compensation may also be reduced because they are based on lower taxable salaries.

Flexible Spending Accounts (FSA) Employer Overview

Money-Saving Opportunities for Employers

Medical Mutual

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About Flexible Spending Accounts

A flexible spending account (FSA) is a benefit you provide for your employees. It lets your employees set aside pre-tax dollars to pay for eligible expenses like healthcare and/or dependent care, as well as parking or transit. An FSA can be offered alongside any medical or dental or vision plan. However, according to IRS regulations, if employees contribute to a health savings account (HSA), they can only enroll in a limited-purpose flexible spending account. Most employers can offer an FSA, with a few exceptions. Always check with a legal or tax advisor regarding your specific situation.

Flex Account Options

Flexible Spending Account (FSA)

The FSA allows your employees to pay for eligible healthcare expenses on a pre-tax basis. This reduces the amount they pay for federal income tax, FICA tax and, as applicable, state income tax.

Limited-Purpose Flexible Spending Account (LPF)

The LPF is available for companies that offer a health savings account (HSA). The LPF is designed to complement the HSA, and may be established to pay for eligible vision and dental expenses. Medical expenses are not permitted because the tax-favored HSA is used to fund those costs.

Dependent Care/Elder Care Account (DCA)

The DCA allows employees to pay for day care expenses for a dependent child, adult or elder. Eligible services include: nursery school, nanny, and before or after school care/day camp through age 12; day care for a disabled adult or child; and elder day care for a parent or dependent.

Parking Reimbursement Account (PKG)

The PKG allows employees to set aside pre-tax dollars to pay for qualified workplace parking expenses.

Transit Reimbursement Account (TRN)

The TRN allows employees to set aside pre-tax dollars to pay for qualified workplace mass transit expenses.

Agreement to Save Taxes on Insurance Premiums

This option allows employees to pay for a portion of their employer-sponsored insurance premiums on a pre-tax basis. Eligible expenses include health, dental and vision. Other insurance premiums may qualify.

Medical Mutual Debit Card

The Medical Mutual debit card can be offered with any FSA and gives your employees easy and direct access to their money. The card allows your employees to use the funds in their account without having to submit claims or wait for reimbursement. One card can manage multiple account types, such as a dependent care FSA, health savings account, or commuter account.

Important Information

FSA Regulations

Healthcare FSAs are governed by Internal Revenue Code Section 125 when offered through a cafeteria plan. If the healthcare FSA isn't offered through a cafeteria plan, it's subject to Internal Revenue Code Section 105. Healthcare FSAs are usually subject to ERISA, COBRA and HIPAA laws.

Grace Period Information

Employers may offer employees a grace period up to two months and 15 days after the end of the plan year to use any contributed funds. This lets employees incur and submit reimbursement requests using the previous year's FSA balance. In the case of a calendar year plan, the grace period may extend to March 15 of the following year. Expenses incurred from January 1 through March 15 of the current year can be reimbursed from the previous year's FSA.

Unused FSA Funds

Employers can either apply leftover funds to administrative costs incurred during the plan year or give them back to employees by crediting them to employees' FSAs in the next plan year. Employers are not taxed on unused funds.

For more information, please contact your Medical Mutual Sales representative or broker.