Flexible Spending Accounts (FSAs)

The Flexible Spending Accounts (FSA) administered by CPI allows you to set aside pre-tax dollars from your paycheck to pay for many healthcare and dependent care expenses. By paying for these expenses with pre-tax dollars, you reduce the amount of your taxable income and increase your take-home pay. You may choose to participate in one or both FSAs – whether you elect any other benefits.

GENERAL RULES AND RESTRICTIONS

In exchange for the tax advantages FSAs offer, the IRS has imposed the following rules and restrictions for both healthcare FSA and dependent care FSA:

- You may only use the money in your FSAs to reimburse expenses that you have incurred during the plan year for which the FSA was established.
- IRS requires you to use all of the money in your account by the end of the year or you lose it. This is called the"use it or lose it" rule.
- You cannot transfer monies between Healthcare and Dependent Care FSAs.
- You cannot begin, stop, or change the amount of your FSA contributions during the calendar year unless you experience a Qualified Life Event (such as: marriage,divorce or the birth/adoption of a child). Contact your HR Department.
- You cannot claim expenses that are reimbursed through your FSA as a deduction on your income tax return.
- Reimbursement for dependent care FSA claims is only up to the total amount that is in your account at that time.
- The dependent care provider cannot be anyone considered your dependent for income tax purposes(such as one of your older children). In order to be reimbursed, you are required to provide the tax identification number or Social Security number of the party providing care.

HOW MUCH CAN I CONTRIBUTE?

To participate, decide how much you would like to contribute to one or both accounts for the year. The money you allocate to each account is automatically deducted from your paycheck each pay period before taxes are calculated.

- **For a Healthcare Flexible Spending Account you could contribute up to the maximum of $3,500 for the 2027 plan year.**
- **For a Dependent Care Flexible Spending Account you could contribute up to the maximum of $7,500 for the 2027 plan year.**
  The exceptions are:
  - »If you and your spouse file separate tax returns, you may contribute $3,750 per year.
  - »If your spouse is employed, your maximum contribution is the lesser of your spouse's taxable income (but no more than $7,500)
  - »If your spouse is a full-time student or they are physically or mentally disabled, your maximum contribution is $3,750 a year if you claim expenses for one dependent and $7,500 a year if you claim expenses for two or more dependents.



What happens to any remaining funds at the end of the plan year?

Following the end of the plan year, employees will be given a 90-day run out period during which to submit claims for the prior plan year. Upon the conclusion of the run out period, up to **$700 of funds remaining in an employee's account will be carried over for use in the following plan year** (this does not count against the maximum election you may make for the new plan year). Any funds in excess of $700 will be forfeited.

LEARN MORE ABOUT YOUR FSA PLAN BY SCANNING THIS QR CODE OR VISITING MYCPITEAM.COM