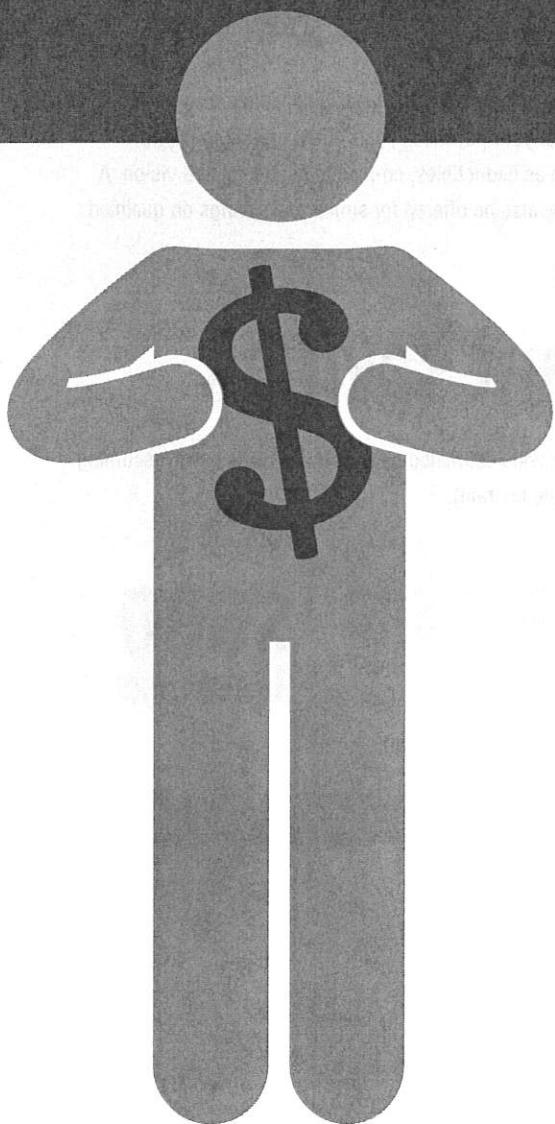


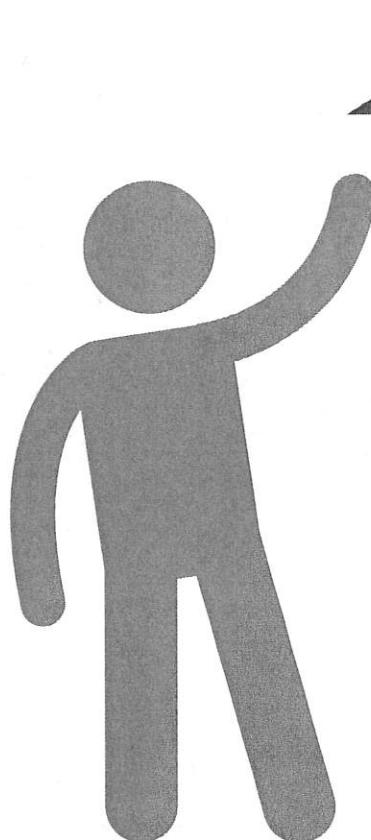
FSAs: A SIMPLE WAY TO SAVE

Flexible spending accounts (FSAs)



It's easy to save
WITH AN FSA

HealthEquity[®]
Building Health Savings[™]



Why FSAs?

A simple way to save

Take advantage of tax savings by participating in a flexible spending account (FSA). You can elect to have a portion of your paycheck contributed pre-tax to pay for qualified medical expenses such as deductibles, co-payments, dental and vision. A dependent care FSA (DCRA) may also be offered for similar tax savings on qualified dependent care expenses.

Significant savings

The example scenarios below provide estimated savings if an FSA is used (assuming a 30% combined federal and state tax rate).

\$1000	+	\$500	+	\$500		\$600	tax savings
out-of-pocket medical expenses		out-of-pocket vision expenses		out-of-pocket dental expenses			

\$1000	+	\$1000	+	\$5000		\$2100	tax savings
out-of-pocket medical expenses		vision and dental expenses		child care expenses			

(Examples only)

FSA OPTIONS

Your employer may offer one or more types of FSAs, designed to maximize your savings and address your personal needs:

Health care FSA

Funds from a health care FSA can be used for qualified expenses including medical, dental, vision, deductibles, co-payments and coinsurance. For a full list of qualified expenses allowed by the IRS, see IRS Publication 502.¹ With health care FSAs, the entire elected amount is available to you on the first day of the health plan year. You don't have to wait for payroll deductions before paying expenses with your FSA.

Health care FSA limits

The IRS has set the limit for health care FSA contributions to \$2,550 per household (see publication 969). However, employers may decide to decrease this limit.

Dependent care FSA or DCRA

A dependent care FSA enables you to set aside pre-tax dollars to pay for qualified dependent care expenses. Funds can be used to pay for day care, preschool, elderly care or other dependent care. To qualify for a DCRA, the IRS requires that the dependent care is necessary for you and your spouse to work, look for work or attend school full-time, along with other requirements.

Limited-purpose FSA (LPFSA)

Used in conjunction with a health savings account (HSA), an LPFSA allows you to contribute additional pre-tax dollars to use for dental and/or vision expenses. This allows you to maximize your pre-tax HSA contributions and contribute additional pre-tax dollars to an LPFSA.

¹ Premiums and prepayment for long term care are not eligible for FSA. Your employers may further limit the types of expenses that may be reimbursed.

It is the member's responsibility to ensure eligibility requirements as well as if they are eligible for the plan and expenses submitted. One should consult a tax advisor as individual factors and situations vary.

HOW AN FSA WORKS

1 Sign up

During your employer's open enrollment at the beginning of each plan year, sign up to participate in an FSA. Select the option that best meets your needs and then determine the amount you would like to contribute from your pre-tax earnings.

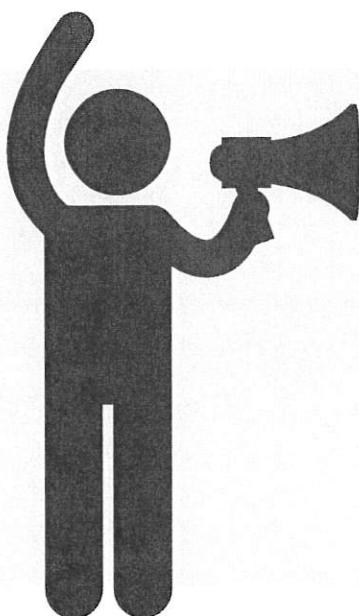
2 Contribute

Your employer will arrange to have the determined amount of your pre-tax earnings contributed to your FSA. Typically the amount withheld from your paycheck is equal each pay period.

3 Use your funds

When you incur a qualified expense, you can either pay with the HealthEquity Visa® Reimbursement Account card¹ provided by some plans or submit the expenses through the HealthEquity online tool for reimbursement. Remember to save all receipts; you'll need them for reimbursements and to validate your expenses with your employer or administrator.

¹ This card is issued by The Bancorp Bank pursuant to a license from Visa U.S.A. Inc. The Bancorp Bank; Member FDIC.



USE IT, OR LOSE IT

FSAs are generally "use-it-or-lose-it" plans. This means that amounts in the FSA at the end of the plan year generally cannot be carried over to the next year. However, the plan can provide for either a grace period or a carryover. Additionally, if an accountholder leaves an employer or retires, unused funds are forfeited. For more details, see IRS publication 969 or consult a tax advisor.

LIMITED CARRYOVER

Some plans may allow up to \$500 of unused FSA funds remaining at the end of a plan year to be carried over to the next year. Ask your benefits team for details about your plan's FSA carryover and/or grace period policy.

FSA INSIGHT

FSA eligibility

Typically anyone whose employer offers an FSA can participate, including employees not covered under the employer's health plan. Your employer may exclude certain types of employees, such as part-time, seasonal or temporary. Ask your employer benefits team to verify eligibility.



Other qualified users

In addition to your own qualified expenses, you can use your FSA funds to pay for those of your spouse and dependents up to age 27.¹



Dental expenses

FSA funds don't have to be used just for medical expenses. You can use them for qualifying dental expenses, including exams, x-rays, cleanings and dental work. You can even use your FSA to pay for orthodontic services.



Vision expenses

You can also use your FSA funds for vision expenses such as exams, prescription eyeglasses, contacts and even corrective eye surgery.

Over-the-counter medicine

The IRS no longer allows FSA funds to be used for over-the-counter (OTC) medicines without a prescription. We encourage you to talk to your doctor and request that he or she write a prescription for OTC medicines or supplies that you frequently need to utilize. In that case, you can use your FSA to pay for these items.

Archive your receipts online

HealthEquity's easy-to-use online portal allows you to upload and store receipts. If your FSA is integrated with your health plan, you can even link your receipts to claims. Your receipts will remain stored in a safe, secure place, available for future reference and documentation.

¹ As of June 26, 2015, the Supreme Court of the US has ruled that same-sex marriage is considered legal throughout the US.

QUALIFIED EXPENSES

See the complete list of qualified and non-qualified medical expenses in IRS Publication 502—Medical and Dental Expenses, and see the complete list of qualified dependent-care expenses for a DCRA in IRS Publication 503—Child and Dependent Care Expenses. Qualified medical expenses for a limited-purpose FSA are restricted to qualified out-of-pocket costs for dental and/or vision care. Other expenses eligible under a standard FSA aren't eligible under a limited-purpose FSA. Keep all itemized receipts for qualified expenses and copies of prescriptions for over-the-counter medications in case of an IRS audit. Below are examples of some common qualified medical expenses:¹

- Acupuncture
- Alcoholism (rehab, transportation for medically advised attendance at AA)
- Ambulance
- Amounts not covered under another health plan
- Annual physical examination
- Artificial limbs/teeth
- Birth control pills/prescription contraceptives
- Body scans
- Breast reconstruction surgery following mastectomy for cancer
- Chiropractor
- Contact lenses
- Crutches
- Dental treatments
- Prescription eyeglasses/eye surgery
- Hearing aids
- Long-term care expenses
- Medicines (prescribed, not imported from other countries)
- Nursing home medical care
- Nursing services
- Optometrist
- Orthodontia
- Oxygen
- Stop-smoking programs
- Surgery, other than unnecessary cosmetic surgery
- Telephone equipment and repair for hearing-impaired
- Therapy
- Transplants
- Weight-loss program (if prescribed by a physician for a specific disease)
- Wheelchairs
- Wigs (if prescribed)

NON-QUALIFIED EXPENSES

- Concierge services
- Dancing lessons
- Diaper service
- Elective cosmetic surgery
- Electrolysis or hair removal
- Funeral expenses
- Future medical care
- Hair transplants
- Health club dues
- Insurance premiums other than those explicitly included
- Medicines and drugs from other countries
- Nonprescription drugs, medicines, and supplements (unless prescribed)
- Nutritional supplements, unless recommended by a medical practitioner as treatment for a specific medical condition diagnosed by a physician
- Teeth whitening

¹ This document does not represent your employer's plan design. It may further limit the expenses allowable under your plan. See your plan document and/or summary plan description.

Account mentors



HealthEquity member services
Salt Lake City, Utah

**Helpful support for our members,
available every hour of every day**

Our team of specialists based in Salt Lake City are available 24 hours a day, providing you with the tools and information you need to optimize your FSA. They can answer any questions you may have.

866.346.5800

EASY ACCESS to your ACCOUNT, WHEREVER you are.



HealthEquity Mobile app¹
available for FREE at:

- iTunes App Store
- Google Play



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¹ Must activate account via HealthEquity website in order to utilize mobile app.

Nothing in this communication is intended as legal, tax, financial, medical or marital advice. Always consult a professional when making life changing decisions. In addition to restrictions imposed by law, your employer may limit what expenses are eligible for reimbursement. It is the member's responsibility to ensure that the products and services are eligible for reimbursement under the employer's plan.

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