

As your employer, EPISD offers various tax reduction benefits through payroll deduction to include:

Section 125 Premium Conversion

Flexible Spending Account (FSA)

- Medical
- Dependent Care

Health Savings Account (HSA)

Section 125 – Premium Conversion

This is an IRS approved way for employees to pay health, dental, and vision premiums from your paycheck before taxes with pre-taxed deductions.

- This is a benefit that can only be offered by your employer through payroll deduction.
- In effect, by participating employees can increase their take-home pay by reducing their taxable income.

YOU MUST ENROLL ONLINE AND ELECT TO PARTICIPATE IN THIS TAX SAVINGS OPTION DURING OPEN ENROLLMENT.

Flexible Spending Account (Medical Care & Dependent Care)

One of the options under the Flexible Spending Account is the **Medical Care Account** which is for eligible medical expenses (to include health plan deductibles, co-pays for medical and pharmacy, co-insurance, vision care and dental care expenses).

You may pledge any amount **up to \$5,000** beginning with the 2011-2012 plan year. Visit the TaxSaver Plan Website at <http://www.taxsaverplan.com/> to see the list of eligible medical expenses. Eligible medical related expenses must be incurred within the Plan Year, but must not have been paid or reimbursed through another group or individual health care plan. The 2011 - 2012 Plan Year begins on September 1, 2011 and ends August 31, 2012. FSA-Medical Care Deductions will begin on the September 15, 2011 paycheck.

PLEASE NOTE:

It is important that you budget carefully when taking advantage of either of the Flexible Spending Account Medical Care and/or the Dependent Care Accounts. The same tax law that permits this benefit to receive special tax treatment also specifies that any money that is left in your account at the end of the plan year must be forfeited.

- **The DATE OF SERVICE for eligible expenses must be incurred within the plan year (09/01 to 8/31).** EPISD has adopted the "Grace Period" that allows an additional 75 grace days to incur

eligible expense (September 1, 2011 through November 14, 2012). The date of service **NOT THE DATE OF PAYMENT controls the reimbursement.**

- The “Grace Period” allows for claims **incurred** during a Flexible Benefit Plan Year to be filed or substantiated with TaxSaver Plan up to 90 days after the end of the plan year. For 2011-2012, the deadline for filing or substantiating the claim is November 30, 2012.

The Flexible Benefit Plan grace period only extends to the Medical Care Account.

Dependent Care Account

The other option under the Flexible Spending Account is the Dependent Care Account that assists you with your payments for dependent care expenses with pre-tax dollars. The Dependent Care expense must be work related, for your eligible dependent (defined by the IRS) that is under the age of 13 and/or for the care of a dependent or spouse who is physically or mentally incapable of self-care.

Your eligible dependent must be:

- Children under the age of 13
- Care of dependent, spouse, or elderly parent who is physically or mentally incapable of self-care

In addition, qualified dependent care expenses must be work related

Examples include:

Child-care center or adult day care center
Baby-sitter, caretaker, or after school care

The maximum amount you can contribute to your Dependent Care Account is:

- \$2,500 - if filing an Individual Federal Income Tax Return
- \$5,000 - if married. The minimum pledge amount is \$240. For more information visit: www.irs.gov/publications/p502/index.html

The Administrator for EPISD’s Flexible Spending Account Medical Care and Dependent Care is TaxSaver Plan. Please visit their website at <http://www.taxesaverplan.com/> for:

- Helpful Information
- News & Updates – IRS Information
- Tax Calculator
- Listing of Eligible Expenses
- Frequently Asked Questions and Answer

HEALTH SAVINGS ACCOUNT (HSA)

An HSA is a special account owned by an individual and used to pay out-of-pocket expenses (such as health plan deductibles, co-pays for medical and pharmacy, co-insurance, vision care and dental care expenses) or to grow as savings. One of the benefits of an HSA is that it is portable, meaning the HSA funds always belong to the individual.

Who is eligible?

Per IRS rules, any adult can contribute to an HSA if he/she:

- Has coverage under an HSA-qualified high deductible health plan (HDHP)
- Has no other first-dollar medical coverage
- Is not enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return
- Cannot be participating in a Flexible Spending Account

Enrollment in the HSA is open at any time during the year as long as the eligibility rules are met.

Does TRS offer an HSA?

- No. However, ActiveCare 1-HD qualifies as an HDHP for all coverage categories and ActiveCare 1 qualifies for employee-only coverage.
- Employees are not required to have an HSA to enroll in these plans. However, by enrolling, you save on income taxes and have savings set aside to pay the high deductible and eligible out of pocket expenses.

JP Morgan Chase is the Financial Custodian for the Health Savings Account (HSA). **Some of the benefits of the HSA are:**

- Payroll Deduction before Tax
- Streamlined Debit Card (Integrated with TRS-AC plans through BCBS and Medco Rx)
- EPISD pays monthly maintenance fee

If you are contributing to a FSA Medical Care Account, you cannot contribute to an HSA until the **"Grace Period"** has run out. Contributions to an HSA can be made at any time of the year as long as you meet the eligibility criteria.

By visiting the Employee Benefit website at www.episdbenefits.org and clicking on the HSA tab, you can access:

- HSA Video
- HSA Calculator
- EPISD/Chase HSA Payroll Deduction Authorization Form
- HSA Full Brochure
- List of HSA Qualified Medical Expenses
- HSA Frequently Asked Question
- Investment Information
- HSA Updates
- **ONLINE ENROLLMENT LINK** to establish an account with Chase