

NYU Flexible Spending Account Worksheet

Deciding whether to enroll in the NYU Flexible Spending Account (FSA) programs requires some careful thought and planning. Here is some information that may be helpful as you make your decision.

You should carefully consider the amount you contribute to an FSA. You cannot stop, start, or change this decision during the calendar year, unless you experience a change in your family status as defined by the IRS and the Plan.

- Contributions to these plans are taken out of your paycheck before taxes are applied, reducing both your taxable income and your take-home pay.
- Reducing your taxable income may affect your future Social Security Benefits.
- Expenses reimbursed through an FSA cannot be claimed as a deduction or credit when you file your income tax return.
- Depending upon your personal situation, the Dependent Care Tax Credit may be more advantageous than the pre-tax Dependent Care FSA.
- You don't pay New York State or New York City taxes on the amounts you set aside in your FSAs. **New Jersey and Pennsylvania tax FSA contributions.** So, if you live in one of these States, you will be required to add your FSA contributions back into your taxable income when you file your taxes in those localities.
- IRS regulations require that any money not used for allowable expenses within the plan year (January 2008 – March 15, 2009) will be forfeited and will not be refunded.

Note: If you leave your job, voluntarily or not, and you have an unclaimed balance remaining in your FSA, you will need to file a claim for eligible expenses in order to be reimbursed, otherwise, any balance in your account will be forfeited. You will have until the end of the plan year to file for reimbursement.

Important Dates and Deadlines for the Flexible Spending Accounts

If you participate in an FSA for 2008:

- You may incur eligible Health Care expenses for your 2008 FSA through **March 15, 2009**.
- You must file for reimbursement of your 2008 FSA expenses no later than **June 30, 2009**.

You can find more information about the Flexible Spending Accounts on the Benefits Resource Center, NYU's secure online benefits portal, on NYUHome at www.home.nyu.edu.

Health Care FSA vs Federal Income Tax Deductions?

Under the current IRS regulations, only health care expenses in excess of 7.5% of your adjusted gross income can be deducted from your income tax, provided you are itemizing deductions.

For example, if you earn \$30,000 per year, only unreimbursed expenses in excess of \$2,250 ($\$30,000 \times 0.075$) can be claimed as deductions.

So, if you had \$3,000 in non-covered health care expenses, you would be able to deduct \$750 ($\$3,000$ less $\$2,250$) from your taxable income. With the Health Care FSA, you would not pay income taxes on the entire \$3,000.

Will it be cost effective for me to enroll in a Health Care FSA?

The maximum amount that you may contribute to a Health Care FSA in 2008 is \$10,000 and the minimum is \$120. Your annual contribution will be divided by 12, then taken from your paycheck with your other benefit contributions, starting January 2008.

The key to using your Health Care FSA effectively is making an accurate estimate of your upcoming expenses. To come up with a good estimate, you should review your out-of-pocket health care expenses for the previous 2 or 3 years. Identify how this might change in 2008. To avoid forfeiture of your annual FSA elections, elect amounts that will cover realistic expenses.

In general, expenses that are eligible for reimbursement from your Health Care FSA are medical, vision and dental expenses that are not paid by your insurance plan, such as annual deductibles, copayments, coinsurance, and certain over-the-counter medications, such as aspirin, cold and cough medicine, and pain relievers. For a complete list of eligible expenses, go to www.irs.gov and select IRS Publication 502.

In order for expenses incurred by your registered domestic partner to be eligible for reimbursement under your NYU FSA, they must qualify as your legal tax dependent under IRS Section 152 and you must file a Domestic Partner Affidavit for FSA Claims.

Planning Your Health Care FSA Contribution

You can use the worksheet below to decide if you could save by participating in the Health Care FSA, or you can use one of the FSA calculators found on the internet. One such calculator can be found on www.myuhc.com (you don't have to be enrolled in the UnitedHealthcare plan to register to use this tool).

Write in the health care expenses that you expect to pay in 2008 for yourself, your spouse and your dependents.

Amounts paid toward your annual deductible: This includes deductibles under your NYU medical or dental plan. It could also include amounts paid by your spouse toward an annual deductible under their health care plan. \$

Medical and prescription drug copayments and co-insurance: Your out-of-pocket expenses for services such as doctor's office visits, hospital admissions, and prescription drugs. \$

Vision: Expenses that are not covered under the NYU health plan option that you choose, such as eyeglasses. \$

Expenses that exceed plan limits: Some common examples of benefits with annual limits include dental services such as fillings or crowns, physical therapy, mental health care, and rehabilitation services. \$

Total out-of-pocket expenses to consider for Health Care FSA \$

If you are covered under your spouse/domestic partner's plan, then claims must be submitted first to that plan before you can file a claim for reimbursement of the out-of-pocket amounts from your FSA.

Will it be cost effective for me to enroll in a Dependent Care FSA?

The maximum amount that you may contribute to a Dependent Care FSA in 2008 is \$5,000 and the minimum is \$120. If you and your spouse file separate income tax returns, the maximum you each can contribute to a Dependent Care FSA is \$2,500. Your annual contribution will be divided by 12, then taken from your paycheck with your other benefit contributions, starting January 2008.

The Dependent Care FSA is designed to reimburse expenses related to the care of children or adults so that you can work.

Generally, eligible expenses include in-home babysitting, nursery or pre-school, after-school care, dependent day care facilities.

If your dependent is over age 13, they must be physically or mentally incapable of caring for themselves.

Dependent care outside the home can be reimbursed only if the qualifying person regularly spends at least 8 hours a day in your home.

For a complete list of eligible expenses, go to www.irs.gov and select IRS Publication 503.

Note: Out-of-pocket Health care (medical) expenses for a dependent are **not** reimbursable from a Dependent Care FSA. You must open a Health Care FSA for those expenses.

The child care expenses used to calculate the Dependent Care tax credit are reduced by the amount of your Dependent Care FSA contribution. You may want to consult with your tax advisor to learn more about which approach works best for you.

Planning Your Dependent Care Expenses and FSA Contribution

To calculate your annual Dependent Care FSA contribution, write in the total for the day care expenses that you expect to have each week. Multiply that amount by the number of weeks that you expect to use dependent care during the year.

Do not include days or weeks when you and/or your spouse will be on vacation, since you can only be reimbursed for expenses related to the care of children or adults so that you can work.

Licensed day care, nursery or pre-school

Per week _____
 Number of Weeks _____
 TOTAL \$ _____

Baby-sitter in your home or their home

Per week _____
 Number of Weeks _____
 TOTAL \$ _____

Before- and after-school care programs

Per week _____
 Number of Weeks _____
 TOTAL \$ _____

Child care during summer months for school-aged child

(can be summer day camp, but not overnight camp)
 Per week _____
 Number of Weeks _____
 TOTAL \$ _____

Total expenses to consider for Dependent Care FSA \$ _____

In order to be reimbursed from your Child Care FSA, you will need to provide:

- The Social Security number for individual dependent care providers
- The taxpayer identification number for care centers and schools.

Flexible Spending Account Example of Estimated Pre-Tax Savings

	Without FSA	With FSA
Annual Pay	\$35,000	\$35,000
Pre-Tax Health FSA	0	2,500
Pre-Tax Dependent FSA	0	5,000
Taxable Income	\$35,000	\$27,500
Federal Income Tax	5,250	4,125
State Income Tax *	1,050	825
Social Security	2,678	2,104
Medical Expenses	2,500	0
Dependent Expenses	5,000	0
Net Annual Spendable Income	\$18,522	\$20,446
Estimated Savings = \$1,924		

* **IMPORTANT:** You don't pay New York State or New York City taxes on the amounts you set aside in your FSAs. However, **New Jersey and Pennsylvania tax FSA contributions.** So, if you live in one of these States, you will be required to add your FSA contributions back into your taxable income when you file your taxes in those localities.

FSA Reimbursements

Requests for reimbursement must be submitted, along with required documentation, prior to the plan's filing deadline (March 15, 2009). *You are only reimbursed for expenses that are **not** covered under another benefit plan.*

Once your claim has been processed, if you have direct deposit of your NYU paycheck, FSA reimbursements will be deposited directly into the same bank account and you will receive an Explanation of Benefits (EOB) statement.

The minimum reimbursement amount is \$25. Claims for less than \$25 will be held until additional claims are received and processed.

Reimbursement from the Health Care FSA

When you have eligible expenses, you can receive your money back tax-free, up to the amount you elect to contribute for the calendar year.

Out-of-pocket expenses from UnitedHealthcare, CVS/Caremark, and the MetLife Dental Assistance Plan will automatically be submitted to your Health Care FSA for reimbursement, after they have been processed.

For other expenses, you will need to submit a Spending Account Claim Form, along with:

- Bills or receipts for health care expenses that are not covered under any health plan, or
- The Explanation of Benefits (EOB) for health care expenses that were partially reimbursed.

Reimbursement from the Dependent Care FSA

To get reimbursed for eligible dependent care expenses, you must pay the facility or caregiver, then submit a Spending Account Claim Form, along with proofs of payment (a canceled check, receipt or itemized bill).

You can receive your money back tax-free, up to the amount you have contributed to your account at the time you apply for reimbursement.