Ultimate Guide to FSAs

Find out more about the savings potential of Flexible Spending Accounts (FSAs), including what types of FSAs are popular, why you should offer them to your employees and how they benefit from them.
Medical FSA

What does it cover?
Eligible medical, dental, and vision expenses.

What are some eligible expenses?
Doctor copays, physical therapy, speech therapy, dental exams, vision exams, glasses, and annual physicals.

Who’s eligible?
Any employee offered a group health plan and who meets eligibility criteria determined by the employer.

Did You Know?
As an employer, you can contribute to your employees’ FSAs but aren’t required to.
Limited FSA

What does it cover?
Eligible dental, vision, and preventive expenses.

What are some eligible expenses?
Dental and vision exams, prescription glasses, annual physicals, birth control, immunizations, and prenatal visits.

Who’s eligible?
Any employee offered a group health plan and who meets eligibility criteria determined by the employer.

Did You Know?
One stacked debit card, one online account, and one mobile app make managing all benefits through WEX easy for your employees, no matter what plans they’re enrolled in.
**Combination FSA**

**What does it cover?**
It starts as a Limited FSA and becomes a Medical FSA if the participant meets the IRS deductible for out-of-pocket medical expenses and submits paperwork.

**What are some eligible expenses?**
Expenses covered under Limited FSA eligible expenses, until the account converts into a Medical FSA. Then Medical FSA expenses are eligible. 
*See previous pages for examples of eligible expenses for each type.*

**Who’s eligible?**
Any employee offered a group health plan and who meets eligibility criteria determined by the employer.

**Did You Know?**
Participants can submit documentation for claims directly from the WEX benefits mobile app.
Dependent Care FSA

What does it cover?
Eligible dependent care expenses for children up to age 13, disabled dependents of any age or a disabled spouse.

What are some eligible expenses?
Day care, after-school care and summer day camps.

Who’s eligible?
Anyone gainfully employed or whose spouse is gainfully employed, who is looking for work or who is a full-time student. It can be paired with an HSA or another FSA.

Did You Know?
Our recurring dependent care program means participants only have to submit one reimbursement form per year for each day care provider used.
Benefit from FSAs

Benefits for employers

• Your employees’ contributions reduce your payroll taxes.

• You own the plan and decide if you want to offer a carryover or grace period.

• They’re an attractive benefit that can help with recruitment and retention.

Benefits for Employees

• Funds are contributed tax-free, which means significant potential tax savings.

• Funds are available on the first day of the plan year (except with a dependent care FSA).

• Limited FSAs, combination FSAs, and dependent care FSAs can be paired with an HSA.

Did You Know?

A carryover lets participants carry a pre-determined number of FSA funds to the next plan year. The IRS allows up to $550.

A grace period lets participants spend funds after the plan year has expired for a pre-determined amount of time.
An FSA for everyone.

FSAs are valuable to employees of all ages. Consider the age demographics of your employees when deciding what FSA products to offer and what points to highlight when communicating their benefits.
Baby boomers

The time frame most commonly used to define baby boomers are those born between the late 1940s and mid-1960s.

Baby boomers often seek financial security, so they may be more likely to participate if you offer a carryover or grace period.

Since they may be more likely to incur medical expenses, remind this group that all Medical, Limited or Combination FSA funds are available on Day 1 of the plan year.

If they already have an HSA as a savings tool for retirement, let them know they can pair an HSA with a Limited or Combination FSA.
Generation Xers

The time frame most commonly used to define Generation Xers are those born between the mid 1960s and early 1980s.

Generation Xers are comfortable with both digital and traditional media, so provide a variety of resources, including guides, handouts and videos.

This age group outpaces millennials in tablet ownership. Offer an FSA that includes an innovative mobile app. The WEX benefits mobile app makes it easy for participants to file claims and submit documentation from their smartphones or tablets.

They may be caring for elderly dependents or have older children. Let them know that Medical, Limited or Combination FSA funds can be used to cover expenses for a spouse, dependents and children (through age 26).
Millennials

The time frame most commonly used to define millennials are those born between the early 1980s and late 1990s.

- They want fast results! The WEX debit card makes it easy for participants to get automatic approval of purchases at merchants with an IIAS (Inventory Information Approval System).

- HSAs are extremely popular with this age group, so let them know they can pair an HSA with certain types of FSAs.

- If they're at the stage in their lives where they're starting families, dependent care FSAs are a great tool for them to save on childcare.
Learn more by visiting: www.wexinc.com/wh/fsa