

2024 Flexible Spending Account Annual Enrollment Announcement

FSD #145 provides all regular employees who are **scheduled to work 20 hours or more per week** the option to participate in a **"medical expense"** spending account and a **"dependent care"** spending account. Northern Illinois Health Plan provides administrative services for these accounts. All new FSA participants will receive a preloaded debit card, which will help in reducing the need to pay cash up front for eligible expenses. New Cards will issued to all Flexible Spending participants. The Cards cannot be used for the Dependent Care Spending Accounts.

To participate in one or both of these accounts during the 2024 calendar year, please complete the enrollment form and return it to the Freeport School District, Central Business Office, by 3:00 pm on December 1, 2023. Payroll Deductions will begin with the first payroll in January of 2024.

Calendar year deductions are limited as follows:

Flexible Medical Spending	Minimum deduction = \$100	Maximum deduction = \$ 3,050 (IRS is expected to increase to \$3,200 for 2024)
Dependent Care	Minimum deduction = \$100	Maximum deduction = \$ 5,000

All reimbursable expenses must be incurred between January 1st and December 31st of 2024. Requests for reimbursements incurred during those dates may be made until March 31, 2025.

Items that are eligible for reimbursement from a **flexible medical spending account** include:

- All items listed on the Examples of Eligible Health Care Expenses sheet.

Items that are eligible for reimbursement from a **dependent care spending account** include:

- Day care costs
- Before and after school care costs for children under age 13
- Adult care expenses for parent or spouse

These plans enable employees to **deduct pre-taxed money from their paychecks** and designate it to either a medical or dependent care accounts for reimbursement of expenses. Money saved by the employees result from the tax free status of their contributions. **Given the 28% tax rate, employees save \$28.00 for every \$100.00 placed in a flexible spending account.**

All Flexible Spending questions can be directed to:

Northern Illinois Health Plan
NIHPCustomerService@nihp.com
815-599-7050

Northern Illinois Health Plan Flexible Spending Accounts

Flexible Spending Accounts are special accounts where you can put before tax dollars to pay for eligible expenses. There are two types of Flexible Spending Accounts: Health Care Spending Accounts and Dependent Care Spending Accounts. Each type of account is a separate account. Accounts can't be mingled and you can't transfer funds between accounts. Your Flexible Spending Accounts are administered by the Northern Illinois Health Plan.

Tax Benefits of Flexible Spending Accounts (FSA)

- ▶ You pay for expenses with untaxed dollars.
- ▶ FSAs are not subject to FICA (Social Security), Federal, or State income taxes.
- ▶ Reimbursement received from your account(s) for qualifying expenses are not subject to taxes.
- ▶ NOTE: If you use money for your FSA, you can't claim the same expense again on your income tax.

Enrolling in a Tax-Free Spending Account (FSA)

At Annual Enrollment, you elect the type of account and how much to have credited to your account per payroll period. You CAN NOT CHANGE your election after the annual enrollment period except in certain cases where family status changes. Any money in your account NOT USED by the end of the Plan Year is FORFEITED.

How the Flexible Spending Accounts Work

First, you make deposits. Your before-tax payroll deductions are deposited to your account(s) in equal amounts each payroll. Then, you file for reimbursement by submitting receipts showing proof of expense. Items to include: Provider of Service, Date(s) of Service, Name of Person Services Provided to, Total Charged or Paid, and Amount to be Reimbursed from the FSA.

Reimbursement requests for expenses incurred during the year must be submitted by March 31 of the following year. If your employment terminates the amounts credited to your Account prior to your termination will still be available for reimbursement of eligible expenses incurred prior to your termination.

For Dependent Care Accounts you can be reimbursed from the amount currently in account. For Health Care Accounts you can be reimbursed for up to the full amount for which you are enrolled.

See IRS Publications 502 and 503 (available from the IRS by calling 1-800-829-3676) for a more complete description of eligible expenses or go to the IRS website (www.irs.gov)

Health Care Spending Accounts

The minimum amount is \$100 per year; the maximum amount \$3,050 per year (IRS is expected to increase to \$3,200 for 2024). Eligible Expenses include expenses for you or your dependent(s) that you could claim on your federal tax return. Expenses must be considered tax deductible by the IRS. A sample of eligible expenses include coinsurance, co-payments, deductibles, eyeglasses, contact lenses, over-the-counter medications used to treat illness (with a provider's prescription), etc. You CAN'T deduct reimbursed expenses on your federal tax return.

Dependent Care Spending Account

The minimum amount is \$100 per year; the maximum is \$5,000 per year. Eligible Expenses are the same as those that would give you a dependent care tax credit on your federal income tax. You CAN'T use the Dependent Care Spending Account and the federal dependent care tax credit for the same expenses. You CAN'T use reimbursed expenses for Earned Income Credit, which may be more advantageous if family income is below \$25,000.

IRS Restrictions to Keep in Mind

- ▶ Money may not be transferred between the two accounts
- Money put in the Health Care Spending Account can ONLY be used for reimbursement for eligible health care expenses. Money put in the Dependent Care Spending Account can only be used for reimbursement for eligible dependent care expenses.
- ▶ Any money not used by the end of the Plan year is forfeited.
- ▶ You CAN'T stop or change contributions during the year unless you have a family status change.

