Flexible Spending Accounts (FSA)

Administered by Rocky Mountain Reserve

Flexible spending accounts (FSAs) allow employees to use pre-tax dollars for healthcare or child/dependent care expenses not covered by insurance plans. Employees contribute a portion of each paycheck to an FSA and save significantly on taxes. Money in an FSA can be used to pay for out-of-pocket medical, dental, and vision expenses, or dependent care expenses. Employees do not need to be enrolled in the employer's health plan to have an FSA. The University of Denver offers you a choice of a healthcare flexible spending account and a dependent care flexible spending account as described in more detail below. Your FSAs are administered through Rocky Mountain Reserve (RMR).

Healthcare FSA

A healthcare FSA is a pre-tax benefit account used to pay for eligible medical, dental, and vision care expenses that aren't covered by your insurance plan or elsewhere. It's a smart, simple way to save money while keeping you and your family healthy and protected. The IRS sets a limit on how much you can contribute to this account each year. For 2024, the contribution limit is $3,200.

Limited Purpose FSA

A limited purpose FSA (LPFSA) is a flexible spending account that only reimburses you for eligible dental and vision expenses. An LPFSA is available to employees who are enrolled in a high deductible health plan (HDHP); you may enroll in both the LPFSA and the HSA. By establishing an LPFSA, you can save money on taxes by using your LPFSA dollars for your dental and vision expenses while preserving your HSA funds for other purposes, including simply saving those funds for the future. The IRS sets a limit on how much you can contribute to this account each year. For 2024, the contribution limit is $3,200.

Dependent Care FSA

A dependent care FSA is a pre-tax benefit account used to pay for dependent care services, such as preschool, summer day camp, before or after school programs, and child or elder daycare. A Dependent Care FSA is a smart, simple way to save money while taking care of your loved ones so that you can continue to work. The IRS sets a limit on how much you can contribute to this account each year.

The 2024 IRS contribution limit is $5,000 if married and filing jointly or single as head of household or $2,500 if married and filing separately.

How does an FSA work?

1. You decide the annual amount (up to the set limit for each account) you want to contribute to either or both FSAs based on your expected healthcare and/or dependent childcare/elder care expenses.
2. Elections are deducted from each paycheck before income and Social Security taxes, and deposited into your FSA. Your entire annual election is available immediately after the beginning of the plan year for the health care FSA and LPFSA. For the dependent care FSA you can only receive the amount that is in your account when your claim is paid.
3. For eligible healthcare and dependent care expenses you can pay with the Healthcare FSA or LPFSA debit card or submit a claim form for reimbursement. For dependent care, you pay for eligible expenses when incurred, and then submit a reimbursement claim form or file the claim online.
4. You are reimbursed from your FSA, so you actually pay your expenses with tax-free dollars.
5. At the end of the calendar year, any unused amount in your Healthcare FSA will be forfeited with the exception of a maximum $640 rollover to be used for the next calendar year. The $640 rollover does not apply to the Dependent Care FSA.
6. You can use the LPFSA only for dental and vision expenses.

If you have extra dollars left at the end of the plan year, check out **www.FSAstore.com** or **www.directfsa.com** to find eligible products that you and/or your family may purchase in lieu of forfeiting funds. Cosmetic procedures such as teeth whitening will not be covered.