



Nickels & Dimes

WELCOA'S ONLINE FINANCIAL BULLETIN

Understanding FSAs

Flexible spending accounts (FSAs) are offered by many employers. These accounts allow you to contribute pre-tax dollars to an account that can be used generally for two purposes. The first is for qualified healthcare expenses. The second is for dependent child care expenses.

How FSAs Work

Participation in flexible spending accounts is voluntary, meaning that you choose whether to participate in the plan. If you participate, you also need to decide how much to place in your account during the plan year. The IRS requires all funds to be used in the flexible spending account during the plan year or they are lost or "forfeited" to the plan. It's called the "use it or lose it" provision. Make sure to use any amounts set aside in your account during the plan year.

Things To Keep In Mind

To get a list of qualified healthcare expenses, ask your flexible benefits administrator or visit the IRS website (www.irs.gov) and download Publication 502. Keep good receipts of qualified expenses because you'll need them to receive payment from your flexible spending account.

New strategies to help you take more responsibility for your healthcare expenses are being developed at a rapid pace. Be sure to speak with your employer to learn about the best options available to you.

Benefit Basics

Do You Know Your Employee Benefit Plan Options

By Jeff Rubleski, MBA

Work with employers and employees on a daily basis, helping them to understand their benefit plans. What amazes me is how little time most employees spend learning about their employee benefit plans. With more and more employers requiring employees to select health, retirement, and other benefit options, it's more important than ever to spend time getting to know your benefit plan options.

Benefit Costs Are Rising

Employee benefits are costly. The cost of benefits for an average employer is about 30 percent of the total amount spent on wages and salaries! Healthcare costs alone have grown at double-digit rates in the past few years and it appears that these costs will continue their alarming escalation in the years to come.

Wages and salary increases in most industries are modest and will remain so for the foreseeable future, due to low inflation and businesses' lack of pricing power due to stiff competition. That's why selecting and utilizing your current employee benefits appropriately is crucial in avoiding surprising medical expenses and saving toward a secure retirement.

Remember Open Enrollment

Most employers offer an annual "open enrollment" period for the selection of benefits. Often these meetings are held in the fall so that benefit programs can reflect changes beginning in January of the following year. Contact your human resources or benefits department and find out when your open enrollment period begins and ends.

Take the time to understand your employer-sponsored benefits. Attend any meetings that are offered to explain benefit options and ask questions for clarification. Your employee benefits are important to your health as well as your financial well-being. Make sure you are well-informed when choosing your benefit options. Mistakes in benefit selection can be costly.

Source: US Bureau of Labor Statistics

