Flexible Spending Accounts (FSA)

As part of Murray State University's Tax-Saver Program, you can contribute to Flexible Spending Accounts (FSAs) that let you pay yourself back on a tax-free basis for certain healthcare and dependent day care expenses.

List of FSA eligible expenses.

Explore Your Flexible Spending Account Options

You can contribute a minimum of $50 and a maximum of $2,650 to a Health Care Flexible Spending Tax Saver Account or $5,000 to a Dependent Care Flexible Spending Account (Child Care), or both. Your contributions are paid through payroll deductions with pre-tax dollars. This means the actual impact on your take-home pay is less.

How the Health Care Spending Tax-Saver Account Works

♦ Decide how much you want to contribute to the account for 2019.

♦ Have your contributions deducted from your paycheck each pay period before taxes are withheld.

♦ Employees may only contribute a maximum of $2,650 (current IRS limit) per employee, regardless of whether you cover just yourself or your full family. If both spouses work at MSU, they can each claim the $2,650 for a total household limit of $5,300.

♦ Use the money in your account to pay for eligible expenses such as copayments, coinsurance and deductibles.

♦ The full value of your account is available after the first of the calendar year.

♦ If your employment is terminated mid-year, you have three (3) months from the coverage end date to submit claims for services incurred by the end of your coverage end date. You are eligible for COBRA for your Health Care FSA if you have a positive balance remaining in your Health Care FSA account at the coverage end date.

Healthcare FSA Carryover option for 2019

Unclaimed funds in a flexible spending account after 90 days following the plan year, for services incurred during the plan year, are not refundable to the employee according to IRS provisions. However, in the 2018 plan year, health care flexible spending account participants may carry over up to $500 of unused funds into the next plan year, if enrolled in the FSA for the following year. You are not eligible for the 2018 $500 Carryover if you do not elect a Healthcare FSA in 2019. Carryover funds from 2018 are available after June 1, 2019.

This carryover provision does not apply to the dependent care account.

Please note: With the carryover up to $500 provision the ability to use your Health Care Flexible Spending Debit Card for any remaining funds in the previous plan year, for services incurred during the 2½ month grace period (until March 15) will not be available.

How the Dependent Care Flexible Spending Account (Child Care) Works

Use the Dependent Care Flexible Spending Account (Child Care) to reimburse yourself (while you and your spouse work, or go to school full-time) for day care expenses.

A qualifying dependent for the FSA is your tax dependent:

♦ Who is under age 13, or of any age (including but not limited to, your parents, and parent-in-laws), or your spouse who is mentally or physically incapable of caring for himself or herself.

With the Dependent Care Flexible Spending Tax-Saver Account (Child Care), you can contribute up to $5,000 each year for a married couple filing a joint return, or for a single parent filing as "Head of Household". For a married couple filing separate returns, the limit is $2,500 each year. You can be reimbursed for up to the amount available in your account at the time of your request.

When filing income tax returns, the day-care credit is reduced dollar for dollar by contributions to or benefits received from an employer's cafeteria plan. An employee may participate in their employer's cafeteria plan and also take a portion of the day care expenses through the credit if they have sufficient expenses in excess of their cafeteria plan's annual election, but within the tax credit limits.

♦ Important: You can incur claims on your 2019 dependent care flexible spending account (child care) until December 31, 2019, and file claims through May 31, 2020. If your employment is terminated mid-year, you have three (3) months from the coverage end date to submit claims for services incurred by the end of your coverage end date.