Flexible Spending Accounts (FSA)

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The Arkansas State University System offers **Flexible Spending Accounts (FSAs)** to benefits-eligible employees, administered through Optum Financial / ConnectYourCare (CYC).

FSAs allow you to set aside pre-tax money to pay for eligible healthcare and dependent care expenses — helping you save money and reduce taxable income.

> **Employees who retire or terminate during the year do not have a grace period. Their last day of work is the last day they can incur expenses, and they have 60 days to submit expenses.**

How the FSA Works

Once enrolled, you'll receive an Optum payment card that can be used at IRS-approved vendors for eligible expenses.

You can also check your account balance and submit claims online here.

Qualified Expenses

Flexible spending accounts help you tax-shelter income for qualified medical and childcare expenses. The money you contribute is not subject to federal, state, or FICA taxes.

- **Health Care FSA:** Contribute between $240 and $3,400 per employee annually for eligible out-of-pocket healthcare expenses.
- **Dependent Day Care FSA:** Contribute between $240 and $7,500 per household annually for childcare (daycare) costs.

How do I start a Flexible Spending Account?

You may enroll within your first 31 days of employment for the current calendar year. Current employees who wish to participate must enroll during the open enrollment period each fall for the next calendar year. Any funds not claimed during the grace period are forfeited.

- New employees may enroll within 31 days of hire for the current calendar year.

- Current employees must enroll during Open Enrollment each fall for the next calendar year.
- Unused funds not claimed by the deadline are forfeited per IRS rules.

Can I use a Health Care Flexible Spending Account (FSA) with the Classic or Premier Plan?

Yes. The Classic Plan and Premier Plan may be paired with a health care Flexible Spending Account (FSA) that can be used for qualified medical expenses during the plan year. You choose the amount to contribute and then make pre-tax contributions up to the annual IRS limits. The funds in a health care Flexible Spending Account do not roll over from year to year.

How is an FSA different from an HSA?

- FSAs and HSAs both offer tax benefits and have annual contribution limits.
- Funds in an HSA roll over from year to year. There is no “use it or lose it” rule.
- FSAs are "use it or lose it." That means you'll lose any funds you don't spend by the end of the grace period.
- You can use your FSA to cover eligible healthcare costs at the start of the year. The entire amount is available on day one.
- With the HSA, you cannot spend more than the funds deposited in your HSA. However, you can save receipts for qualified medical expenses and file for reimbursement after your balance has grown.
- You can't contribute to an HSA and an FSA in the same year.

> Additional flexible spending account (FSA) information can be found through the ASU System Benefits Page

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