

FACT SHEET

MedFSA and DCAP

IRS Section 125 allows you to set aside dollars from your paycheck **before you pay taxes.** By setting aside money from your paycheck before taxes are calculated, you lower your taxable wages. You then use these **tax-free dollars** to pay for eligible expenses of your family's out-of-pocket health expenses and/or Dependent Care expenses, including care for a child, elderly parent or disabled spouse.



Medical Flexible Spending Account (MedFSA)

Here's how a MedFSA works: An employee elects a salary reduction amount for the year to his/her MedFSA. Once the employee incurs expenses that are not reimbursed by their insurance, they then file a reimbursement claim form to access the funds in their MedFSA account. The minimum amount per year is \$300, the maximum is \$5000.

Examples of eligible reimbursements include deductibles, co-insurance, prescriptions, dental costs, eyeglasses, contact lenses and supplies, physical therapy, chiropractic care, acupuncture, hearing aids/equipment, and medical records charges.

CMCSS has elected to give participants until March 15 following the end of the Plan Year to spend any unused funds. This provision makes losing money through the "use it or lose it" rule almost impossible.

Dependent Care Assistance Program (DCAP)



The same Federal tax law allows you pay up to \$5,000 each year of qualified childcare expenses before tax earnings. This is a tremendous opportunity to reduce your taxes while paying an ordinary and necessary expense.

You pay your daycare and then submit your receipt and claim form to Beyond Benefits. You are then reimbursed from the funds in your DCAP account directly to your bank account.

Open enrollment occurs each year in October and November. For forms, go to the CMCSS website, click on Faculty and Staff, Employee Benefits, then choose the Benefits Connection option from the drop down menu.