



## Flexible Spending Account

### **Pretax savings for medical and childcare expenses.**

Medical, dental, and vision expenses can sometimes put a strain on your monthly finances, even if you have insurance coverage. The same is true for dependent care expenses if you need childcare or care for elderly parents. Cornell understands this and offers voluntary flexible spending accounts for medical and dependent care reimbursements. These accounts are not insurance coverage. They help you reduce your out-of-pocket expenses by taking advantage of a federal law that gives you an immediate tax break when paying for services covered under the program – services that you have to pay for anyway.

These accounts work simply. You put money into either or both accounts through payroll deduction before your taxes are calculated and deducted. This means you save on your federal income taxes and Social Security taxes. In most, but not all, states you will save on state income taxes, too! When you have an eligible expense, you file a claim. You are then reimbursed with tax-free money. Enrollment is required each year that you want to participate. Cornell offers medical and dependent care flexible spending accounts through [PayFlex](#).

[Flexible Spending Account Overview](#) (pdf).

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### **Medical Care Reimbursement Account**

Funds accumulated in the Medical Care Reimbursement Account can be used to pay for medical, dental, and vision charges that generally are deductible expenses for federal income tax purposes (such as eyeglasses, hearing aids, health plan deductibles and dental out-of-pocket expenses). The Medical Care Reimbursement Account will reimburse you for approved expenses even if your payroll deductions have yet to reach the account. So, you can be reimbursed for expenses that occur on or after January 1, up to the total amount that you have committed to this account for the plan year. The 2020 maximum limit is \$2,750. Please contact PayFlex for orthodontia reimbursement information.

### **Dependent Care Reimbursement Account**

Expenses incurred for dependent care services that allow you and your spouse to work are eligible for reimbursement under the Dependent Care Reimbursement Account. Eligible expenses for your child (under age 13), disabled spouse, or other disabled dependent include the cost of daycare centers, private babysitters, and nursery schools.

The Dependent Care Reimbursement Account differs from the Medical Care Reimbursement Account in that, in the Dependent Care Reimbursement Account, you must have funds deposited before you can be reimbursed for expenses. The maximum limit is \$5,000 per household.

### **Claims Deadlines**

The IRS allows Cornell to extend the time that flexible spending dependent care account participants can incur and submit claims for reimbursement. For example, if your 2020 dependent care annual amount is \$5,000, you have until March 15, 2021 to incur additional expenses that can be used for reimbursement against your 2020 annual amount.

You need to submit claims for reimbursement by April 30, 2021, otherwise the “use-it-or-lose-it” rule comes into effect and you will lose the unused funds. It is important that you submit 2020 claims prior to submitting 2021 claims so that your

remaining 2020 monies will be exhausted prior to your 2021 monies being used.

## Debit Card

Once you have enrolled in the medical care account, you will be issued a PayFlex Debit card that will be good for five (5) years. Your annual enrollment will be loaded to the card for each year that you participate. You may request additional cards via the website or by calling PayFlex toll free at (888) 678-7821. You can swipe the debit card to pay for your copay at your physician's office and the drug store.

Do not swipe your card at a provider's office if the service provided needs to be submitted to your insurance company first. For example, you or your dental provider should submit the dental expense to your dental insurance company first. Once you receive the Explanation of Benefits (EOB) from the insurance company, you can then use your PayFlex card to pay for the portion that you owe your dentist. You will need to submit the EOB to PayFlex to substantiate the claim.

There is no requirement to use the debit card; you may destroy it and, if you decide in the future that you would like one, you can request one from PayFlex. [Learn more](#) (pdf).

## Accessing Your Account

Log on to the [PayFlex site](#). If you have not yet registered on PayFlex's site, you'll need to click on Create Your Profile under "First time user?" Complete the required fields on the next screen. If you have enrolled in a FSA medical care account, you'll need your PayFlex card number to complete your registration. Remember to enroll in direct deposit and email notification to manage your account more easily.

If you have registered with PayFlex in the past, use the username and password that you selected during the registration process.

## IRS Rules

You should assess your needs carefully for both the medical care and dependent care flexible spending accounts and take advantage of all the tax savings you can reasonably estimate.

Beginning with plan year 2016, up to \$500 of unused money in your medical care FSA account will be rolled over into the following plan year account to be used for eligible medical expenses. You will want to incur *all but \$500* of your expenses in 2020 so that you don't lose any 2020 money that cannot be rolled over. The \$500 rollover does not offset the 2020 election amount available. The rollover does not apply to the FSA dependent care account.

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## Resources

- [Quick Tips from PayFlex](#) (pdf)
- [Payflex Mobile App](#) (pdf)
- [Summary Plan Description](#) (pdf)
- [Flexible Spending Account Flyer](#) (pdf)
- [FSA Claim Form](#) (pdf)
- [Direct Deposit](#) (pdf)
- [Letter of Medical Necessity](#) (pdf)

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