

FLEXIBLE BENEFITS PLANS

WE MAKE
THE COMPLEX
SIMPLE

WHAT ARE FLEXIBLE BENEFIT PLANS?

Flexible Benefit Plans from Sterling give you another great way to pay for healthcare costs and realize substantial tax savings. Through payroll redirection, employees purchase “qualified benefits” that may not be included in gross income. They use the tax-advantaged money to pay for qualified medical expenses and dependent care.

Flexible Benefit Plans include:

- Healthcare Flexible Spending Accounts (FSAs)
- Dependent Care Flexible Spending Accounts (FSAs)

HEALTHCARE FSAS

With a Healthcare FSA, you can be reimbursed for medical expenses not covered or reimbursed by other insurance or plans like health savings accounts (HSAs) and health reimbursement arrangements (HRAs). All expenses must be qualified medical, vision, pharmacy or dental benefit expenses as defined by Section 213(d) of the IRS Code. Under healthcare reform, expenses for over-the-counter medications are no longer eligible for payment or reimbursement from any of these healthcare accounts, except with a doctor's prescription.

All medical care expenses must be incurred during the plan year and the “use it or lose it” rule applies to any funds not spent before the end of the plan year unless your employer has elected an optional rollover of up to \$500. Funds may also be forfeited if you leave your employer that sponsors the FSA.

A Healthcare FSA annual contribution maximum of \$2700 will be imposed. Healthcare FSAs with a plan start date or renewal date on or after January 1, 2019 will be limited to this annual maximum contribution amount.

DEPENDENT CARE FSAS

Dependent Care FSAs allow you to accumulate pre-tax funds to reimburse for qualified childcare expenses or day care expenses for a disabled or elderly/disabled dependent. If married, employees generally must have a working spouse to qualify for a Dependent Care FSA.

The IRS limits the maximum annual contribution to \$5,000 (\$2,500 if married and filing separately). Other IRS restrictions may apply. Dependent Care FSAs are also subject to the “use if or lose it” rule. Expenses must be incurred in the plan year. Funds do not roll over to the next plan year and may be forfeited if you leave the company.

WHAT ARE THE ADVANTAGES OF FLEXIBLE BENEFIT PLANS?

- Employees can reduce taxable income and use the savings to pay for qualified expenses. Tax savings include federal income tax, and in most jurisdictions, state and local income taxes. In addition, employees do not pay Social Security and Medicare tax on the amount excluded from income.

STERLING SERVICES

Sterling Administration offers many services to employees who participate in the employer sponsored Healthcare FSA and Dependent Care FSA.

- Help with enrollment in the plans by attending employer enrollment meetings
- Issuance of debit cards, if elected as part of the plan by your employer
- Healthcare expense claim review and payment of bills to providers or as reimbursement to you
- Quarterly reporting of account information
- Scan and archive of FSA claims and reimbursement documents in the event of an audit
- Money back guarantee of up to one year of monthly fees paid, if our clients are dissatisfied with our service
- Personal customer service on the phone and via email Monday - Friday
- Online access to account information, educational information and forms available at **www.sterlingadministration.com**

MORE INFORMATION

For more information, go to **www.sterlingadministration.com**, call us at 800-617-4729, or email us at **customer.service@sterlingadministration.com**.