

FSA mythbusters: myth or fact?

A flexible spending account (FSA) offers you a simple way to save on eligible medical, dental, vision and other expenses. But there are some myths out there. Check out what's fact and what's fiction below.

Myths

“The tax savings are too small to make a difference.”

Myth

The potential savings are not small at all. For instance, if you contribute \$2,400 to your FSA and pay a combined tax rate of 30%, you could see \$720 in tax savings.*

“I’ll lose my FSA funds if I don’t use them by the end of my plan year.”

Myth

Many companies offer grace periods that extend the time you may use your account, and some offer rollovers of unused funds. Check your plan documents to see what your FSA allows.

“I can’t make changes to my FSA during the year.”*

Myth

If you have a qualifying life event during the year, like getting married or having a baby, you can make changes to your FSA to fit your new life.

“I’m healthy, so I don’t need an FSA.”*

Myth

FSAs aren't just for people who need to see their doctor a lot. You can also use it if you visit a dentist, buy glasses or contacts, or buy medications. Even sunscreen and feminine care products are considered eligible expenses.

Facts

“It’s easy to submit documentation.”

Fact

In many cases, Optum Financial works to automatically verify that your FSA payment is for an eligible expense. When documentation is required, it only takes seconds to upload. Using your Optum Payment Card is the easiest way to pay for eligible expenses because most of the time you won't have to submit additional documentation.

“An FSA can fit within my budget.”

Fact

An FSA can help you stretch your budget, since your contributions are deducted pretax. For example, if you contribute \$200 per month, your paycheck that month is only reduced by about \$140 (assuming a 30% tax rate).^{*} That extra \$60 is yours to spend on eligible expenses.

“I can use a dependent care FSA even though my child is in school.”

Fact

You can use a dependent care FSA for much more than childcare. Consider summer camp, a holiday camp over winter break or after-school care for children up to age 13.

“I can have both a health savings account (HSA) and an FSA.”

Fact

Your employer may offer a limited purpose FSA. This type of FSA is for dental and vision expenses only and is usually paired with an HSA. Talk with your HR professional to see if your company offers this benefit.



Ready to enroll?

Enrolling in an FSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.



Scan the QR code, or go to optum.com/FSAIntro, to see how you can save.



^{*} Assuming a 30% combined tax rate from all applicable federal, state and FICA taxes. Results and amount will vary depending on your circumstances.

Flexible spending accounts (FSAs), dependent care assistance programs (DCAPs), health reimbursement arrangements (HRAs), Commuter and Parking Benefits, Tuition Assistance Plans, Adoption Assistance Plans, Surrogacy Assistance Plans, Wellness Benefits, and Lifestyle Accounts (collectively, "Employer-Sponsored Plans") are administered on behalf of your plan sponsor by Optum Financial, Inc. or ConnectYourCare, LLC, and are subject to eligibility and restrictions. Employer-Sponsored Plans are not individually owned and amounts available under the Employer-Sponsored Plan are not FDIC insured.

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