

You could save hundreds of dollars annually in taxes by participating in a Health FSA

A health flexible spending account (FSA) is a benefit plan that lets you put money aside in a special account, pre-tax, to pay for certain medical costs and other health services.

You could save hundreds of dollars in taxes each year with a health FSA. The amount you could save in taxes depends on how much you set aside and the amount of your expenses.

See Grace's savings example below:

Grace and her family enroll in a health FSA and decide to contribute \$2,000 annually (\$166.67 per month) to the FSA to pay for the family's doctors' visits, prescriptions, new eyeglasses and contact lenses.

Based on Grace's annual tax obligations, she and her family could save more than \$900 in taxes a year by enrolling in and contributing \$2,000 annually to a health FSA. See the table below for more details.

GRACE PAYS	GRACE'S ESTIMATED TAX SAVINGS
28% in federal income tax	\$560
5% in state income tax	\$100
6.2% in Railroad Retirement Tier 1 Tax	\$124
4.4% in Railroad Retirement Tier 2 Tax	\$88
1.45% in Federal Medicare Tax	\$29
Total tax savings for the year	\$901

For educational purposes only. Dollar amounts and savings will differ depending on income, state tax rules, city tax rules and other factors. Please consult a tax, legal or financial advisor about your own personal situation.



Stay tuned for Part 3 in this communications series about the health FSA, which will include access to an online tool to help you calculate your potential tax savings if you were to enroll in a health FSA.

Using Your FSA Dollars

Use an FSA to pay for eligible out-of-pocket expenses like these:

- Doctors' office visits and procedures
- Eyeglasses and vision exams
- Dental treatments (X-rays, cleanings, fillings, etc.)
- Qualifying prescriptions

To view a list of more health FSA eligible expenses, go to

yourtracktohealth.com, select *Benefits* and then select *Health Flexible Spending Account* from the left menu.

Learn More

To learn more about a health FSA, watch a short video on **yourtracktohealth.com**, go to *Quick Links* on the home page and select *Video Library*.

Snap a picture of the code using the QR Reader on your smartphone to launch the video.



Open Enrollment 2014

Look for information in the Open Enrollment materials that you will receive in September and consider the health FSA plan for the 2014 plan year.

