



Flexible Spending Account (FSA)

Section 125 of the IRS code allows employees to take taxable benefits, such as a cash salary, and convert them into nontaxable benefits. Cafeteria plans are particularly good for participants who have regular expenses related to medical issues and child care. On average, employees can save 30% in combined federal, state and local taxes on items they would typically purchase with out-of-pocket post-tax funds. A Section 125 Cafeteria Plan requires no participation or risk on the part of the employer.

FLEXIBLE SPENDING ACCOUNT

A Flexible Spending Benefit Plan ("Flexible Spending Account" or "FSA") allows an individual to set aside a portion of each paycheck to be used for certain out-of-pocket medical, dental, and vision expenses or dependent child care costs using pre-tax dollars. Since the monies in the FSA are not taxed, the individual will save an amount equal to the taxes that would have normally been paid on the money set aside.

CURIOUS ABOUT HOW MUCH YOU COULD SAVE?
FOLLOW OUR EXAMPLE BELOW AND FIND OUT!

WITHOUT FLEXIBLE SPENDING ACCOUNT

GROSS PAY PER PAY PERIOD \$2,100.00

TAXABLE WAGES \$2,100.00

Social Security Tax (7.65%) \$160.65

Federal Tax (15%) State Tax \$315.00

(5%) \$105.00

TOTAL TAXES \$580.65

Less Child Care (post-tax) Less \$416.67

Medical/Dental (post-tax) \$166.67

MONEY LEFT TO SPEND \$936.01

WITH FLEXIBLE SPENDING ACCOUNT

GROSS PAY PER PAY PERIOD \$2,100.00

Less Child Care (pre-tax FSA) Less \$416.67

Medical/Dental (pre-tax FSA) \$166.67

TAXABLE WAGES \$1,516.66

Social Security Tax (7.65%) \$116.02

Federal Tax (15%) State Tax \$227.50

(5%) \$75.83

TOTAL TAXES \$419.36

MONEY LEFT TO SPEND \$1,097.30

THAT'S AN EXTRA \$161.29 EVERY MONTH OR
A RAISE OF \$1,935.52 PER YEAR!

