PREMIUM ONLY PLAN AND FLEXIBLE SPENDING ACCOUNT
FREQUENTLY ASKED QUESTIONS

If I only want to participate in the Premium Only Plan, do I need to fill out a form?

Yes, you must fill out an enrollment form if you wish to only participate in the Premium Only Plan. Please reference the sample enrollment form on the districts’ website if you have questions regarding how to fill out the form.

For the Premium Only Plan, how do I determine what my per-pay deduction will be effective January 1, 2012?

Your deduction will be the greater of 1.5% of your salary, or the percentage of premium that applies to you. A percentage of premium calculator can be found here.

When and where do the forms need to be returned?

The enrollment forms need to be returned by December 9th. They can be returned to your program principal or supervisor, or directly to the payroll department.

If I choose to participate in the FSA, will I be charged a monthly administrative fee?

Discovery Benefits does charge a monthly administrative fee, but the District will be paying that fee for any employee who enrolls. You will not be charged anything in excess of your FSA contribution amount.

Under the “Use it or Lose it Rule,” where does the money go at the end of the year?

The District will retain any funds left over from the FSAs.

If I want to participate in the Premium Only Plan, do I have to tell them what my per-pay premium deduction is?

No, the payroll department has all of this information.

If I participate in the Premium Only Plan, will this increase or decrease the amount of my per-pay deduction?
No, your deduction will remain the same if you participate in the POP, or not. The tax treatment of that deduction is the only thing that is different under the POP.

Can I participate in an FSA if I am not currently contributing to my medical or prescription benefits?

Yes, you can participate in either FSA beginning in January. Please note that you will automatically be enrolled in the Premium Only Plan when you do begin to make contributions.

Can I change my FSA election mid-year?

Certain qualifying events allow you to either increase/decrease your election or begin/cease participation in the plan. Common qualifying events are: marriage, divorce, birth, death or a change in the cost of dependent care. The adjustment must be consistent with the event. For example, an increase in the cost of daycare would not allow you to decrease your election (though if the increase made the cost of care unaffordable, one could justify no longer participating in the plan).

Can I utilize my Dependent Care FSA to reimburse my babysitter if my babysitter is my relative?

Yes, you may utilize your Dependent Care FSA to reimburse a relative for babysitting services. The relative will not qualify if the babysitter is (1) under age 19 and is the employee’s child, step-child, or eligible foster child; (2) an individual for whom the employee or spouse can claim a deduction on IRS Form 1040; (3) employee’s spouse; or (4) a parent of the employee’s under-age-13 qualifying child.

Can I utilize my Dependent Care FSA for preschool/nursery school?

Yes, you may utilize your Dependent Care FSA for preschool/nursery school.

Can I utilize my FSA for over-the-counter medications?

Yes, but you must have a prescription from your doctor.

What is the difference between the Dependent Care FSA and the Dependent Care Tax Credit?
When considering funding a Dependent Care FSA, you need to weigh your potential savings from the spending account versus your savings through the dependent care tax credit. The money reimbursed through a Dependent Care FSA will reduce the amount of eligible expenses you can use for the tax credit on a dollar-for-dollar basis. If this is a concern of yours, please consult with your financial advisor for the best alternative for you and your family.

**When will I receive a greater tax benefit using the Dependent Care FSA instead of the tax credit?**

This depends on your family’s income and dependent care expenses. If you have one dependent, and spend more than the $3,000 tax credit limit, you’re better off with the Dependent Care FSA since the limit per family is $5,000. If you have two dependents and spend more than the $6,000 tax credit limit, you’re better off putting $5,000 into the Dependent Care FSA and applying the remaining $1,000 in eligible expenses to the tax credit limit. Amounts reimbursed through the Dependent Care FSA will reduce the amount eligible for the tax credit dollar-for-dollar.

**Can I use both the tax credit and the Dependent Care FSA?**

Possibly. If you have two or more qualified dependents and pay more than $5,000 a calendar year in daycare expenses, you can take the remaining amount and apply it toward the tax credit maximum. Based on your family’s income level, you’ll receive a credit for a percentage of that amount. For example, if your family’s income is less than $33,000 a year, you have two dependents and you spend $7,000 in childcare expenses, you would be eligible to take an additional tax credit of $250 ($1,000 x 25% tax credit percentage based on income level).