

**Town of Concord**  
**6/1/2019 – 5/31/2020 Plan Year**

**Tax-Advantaged Accounts for Insurance-Eligible Employees**

All of the following options decrease taxable income by directing money to accounts to be used for qualified medical, dental, vision or dependent care expenses. Not only are contributions to the accounts tax-free, but withdrawals made for qualified expenses are also tax-free. See IRS publications for detailed information, including qualified dependents, qualified expenses, and contribution limits. This is a summary only, which does not address all IRS and plan regulations; refer to official documents to ensure complete and accurate information.

<b>Plan Type &amp; Administrator:</b>	<b>Enrollment restrictions:</b>	<b>Used to pay for/Cost incurred by:</b>	<b>Features/Time limits for use:</b>	<b>Contribution limit &amp; Fees:</b>
Health Savings Account (HSA)  • <i>Health Equity</i>	<ul style="list-style-type: none"> <li>• Must be enrolled in one of the Town's HSA-Qualified Health Plans</li> <li>• You or your spouse cannot be enrolled or have a remaining balance in a general-purpose Health Care FSA</li> <li>• Cannot be covered by any other insurance that reimburses for health expenses (unless another HSA-qualified plan)</li> <li>• Cannot be enrolled in Medicare (Part A, B, or D) or Medicaid</li> <li>• Cannot be eligible to be claimed as a dependent on another person's tax return</li> <li>• Must be over 18 years of age</li> </ul>	<ul style="list-style-type: none"> <li>• IRS <b>HSA</b>-qualified medical expenses, including dental &amp; vision, <u>incurred</u> by yourself, spouse, or a tax dependent<sup>1</sup> <u>on or after account opened</u>; HSA-qualified medical expenses include:               <ul style="list-style-type: none"> <li>○ Medical premiums only if collecting unemployment or continuing coverage through COBRA</li> <li>○ Medicare Part B and Part D premiums</li> <li>○ Medicare Advantage premiums</li> <li>○ Many Medicare supplement plan premiums</li> <li>○ Long-term care insurance premiums</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Funded by Town &amp; employee; this year, Town contributes \$1,000 for individual plan &amp; \$2,000 for family plan in first month of plan coverage</li> <li>• Can only use funds that have already been contributed to the account (<i>but health care providers regularly agree to payment plans as long as you ask!</i>)</li> <li>• No time limit on reimbursements or spending funds</li> <li>• You don't need to remain HSA-eligible to make tax-free distributions</li> <li>• Interest-bearing, portable (keep post-employment), inheritable, investible (after min balance) account owned by employee</li> <li>• Linked to Health Plan account, so provider payments can be made online</li> <li>• Cash out feature (20% IRS penalty)</li> </ul>	<ul style="list-style-type: none"> <li>• \$3,500 2019 Max Contribution for Individual Coverage (including employer contribution)</li> <li>• \$7,000 2019 Max Contribution for Family Coverage (including employer contribution)</li> <li>• If 55 years of age or turning 55 in 2019, add \$1,000 to total contribution limits</li> <li>• <b>Can</b> change payroll contribution throughout Plan Year (no qualifying event required)</li> <li>• Administrative fee paid by Town while enrolled in HSA-Qualified plans. Post-employment or after returning to non-HSAQ plan, admin. fees paid by employee (currently \$3.95 per month, but waived for account balance over \$2,500)</li> <li>• Paper statement fee (if elect paper instead of free electronic statement): \$1 per statement</li> <li>• Account closure fee: \$25</li> </ul>
Health Care FSA Flexible Spending Account (HC-FSA)  • <i>Cafeteria Plan Advisors</i>	<ul style="list-style-type: none"> <li>• You and/or your spouse <b>cannot</b> contribute to, or have a balance remaining in, a general-purpose Health Care FSA while also contributing to an HSA</li> </ul>	<ul style="list-style-type: none"> <li>• IRS <b>FSA</b>-qualified medical expenses, including dental &amp; vision, <u>incurred in plan year</u> by:               <ul style="list-style-type: none"> <li>○ You, your spouse, your child under age 27 and eligible dependent, as defined by the IRS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Full election amount is available for eligible expenses on 1<sup>st</sup> day of Plan Year</li> <li>• Funds must be used by end of Plan Year (with 90 days to file claims), except \$500 can roll to new year if re-enroll with additional contributions; Use-it or lose-it</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,700 contribution limit in Plan Year</li> <li>• <b>Cannot</b> change payroll contribution during Plan Year w/out qualifying event</li> <li>• <b>Fee:</b> \$6.00 per month, collected via bi-weekly pay deductions</li> </ul>
Limited Purpose Health Care FSA Flexible Spending Account (LPHC-FSA)  • <i>Cafeteria Plan Advisors</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• IRS <b>FSA</b>-qualified dental &amp; vision expenses only, <u>incurred in plan year</u> by:               <ul style="list-style-type: none"> <li>○ You, your spouse, your child under age 27, and eligible dependent, as defined by the IRS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Full election amount is available for eligible expenses on 1<sup>st</sup> day of Plan Year</li> <li>• Funds must be used by end of Plan Year (with 90 days to file claims), except \$500 can roll to new year if re-enroll with additional contributions; Use-it or lose-it</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,700 contribution limit in Plan Year</li> <li>• <b>Cannot</b> change payroll contribution during Plan Year w/out qualifying event</li> <li>• <b>Fee:</b> \$6.00 per month, collected via bi-weekly pay deductions</li> </ul>
Dependent Care Flexible Spending Account (DC-FSA)  • <i>Cafeteria Plan Advisors</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• IRS <b>FSA</b>-qualified child or adult dependent care expenses, <u>incurred in plan year</u> for:               <ul style="list-style-type: none"> <li>○ Dependent under age 13 or other tax dependent who is physically or mentally incapable of caring for him or herself</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Can only use funds that have already been contributed to the account</li> <li>• Funds must be used by end of Plan Year (with 90 days to file claims)</li> <li>• Use-it or lose-it</li> </ul>	<ul style="list-style-type: none"> <li>• \$5,000 limit per household; \$2,500 if married filing separately</li> <li>• Payroll contribution can be changed during Plan Year if based on a change in dependent care needs</li> <li>• <b>Fee:</b> \$5.00 per month, but waived if combined with health/limited-health FSA; collected via bi-weekly pay deductions</li> </ul>

<sup>1</sup> Note that a child under age 27 can be covered under a family health plan, but tax-free disbursements may not be made from your HSA for his/her expenses unless he/she is claimed as a dependent on your tax return or could have been claimed except for certain circumstances, as defined by the IRS.