PCCLD provides the opportunity for employees to participate in a Flexible Spending Account through ALERUS. <https://www.alerusrb.com/>

**ABOUT FLEXIBLE SPENDING ACCOUNTS**

A flexible spending account (FSA) allows employees to pay for qualified medical, dental, vision or dependent care expenses with pre-tax dollars. Pre-tax means before state, federal and Medicare taxes are applied.

This means you save money on taxes while you pay for certain expenses.

FSA helps you save money on healthcare costs while reducing your taxable income. It can be a good way to manage expenses if you have predictable medical costs throughout the year.

**Types of Flexible Spending Accounts**

Throughout the year, taxpayers can use FSA funds for qualified medical expenses not covered by their health plan. These can include co-pays, deductibles and a variety of medical products. Also covered are services ranging from dental and vision care to eyeglasses and hearing aids. Interested employees should check with their employer for details on eligible expenses and claim procedures.

Before enrollment, review any expected health care expenses projected for the year. Participating employees should plan for healthcare activities when they calculate their contribution amounts. Consider:

* Updating medicine cabinet with necessary supplies.
* Big ticket expenses.
* Seasonal needs such as allergy products, sunscreen or warm steam vaporizers.
* Routine checkups or visits with specialists that regular insurance plans do not cover.
* Many over-the-counter items that are FSA eligible.
* Eye exams or dental visits: Out-of-pocket costs for dental and vision care are also covered by an FSA.

**HOW IT WORKS**

**Pre-Tax Savings**: Prior to each plan year, you choose to have portion of your paycheck automatically deposited into the FSA. Because this money is taken out before taxes, it lowers your taxable income. You elect how much to have taken out each pay period on a pre-tax basis. Contributions are deducted from each payroll.

**Eligible Expenses**: You can use the funds in your FSA for specific expenses, such as medical bills, dental care, or certain types of over-the-counter medications. This helps you save money on things you might already be spending on.

You can also use the funds for dependent care expenses to pay for eligible dependent care. Generally, eligible dependents include children under age 13, as well as disabled dependents of any age who are unable to care for themselves.

**Use It or Lose It or Carry-over:** The amount contributed should be carefully considered, as unused amounts are generally forfeited at the end of the plan year. However, PCCLD has implemented a **carry-over option** which means that participating employees are able to carry over up to $500 to the next plan year.

**Accessing Funds**: You can usually access your FSA funds through a debit card or by submitting receipts for reimbursement. Forms for this can be found on the Alerus website in the Resources section.

As eligible expenses are incurred, employees submit claims to Alerus for reimbursement. Alerus is required to substantiate each claim by reviewing receipts, explanation of benefits, and/or claim forms to ensure expenses meet applicable regulations.

Alerus reimburses employees by check or direct deposit. Your plan may also include a **debit card** for making purchases directly.

**IMPORTANT FACTS**

* New elections are required each plan year.
* Elections are irrevocable during the plan year unless there is a qualified change in status.
* No Portability: FSAs are not portable; they are tied to the employer. If you change jobs, you generally lose any unused funds.
* **Tax Implications:** Contributions are made pre-tax, reducing taxable income. However, using an FSA for dependent care may impact eligibility for the Child and Dependent Care Tax Credit.
* The Internal Revenue Service (IRS) sets limits on how much money you can put into a Flexible Spending Account (FSA) each year.
* **2025 Contribution Limit** for individual contributions is $3,300 for the plan year
* **2025 Contribution limit** for dependent care assistance is $5,000 for the plan year.