



FSA 101

EVERYTHING TO KNOW ABOUT FLEXIBLE SPENDING
ACCOUNT (FSA) PLANS

WHAT IS A FLEXIBLE SPENDING ACCOUNT PLAN?



- Flexible Spending Account (FSA) plans offer you the opportunity to set aside pre-tax dollars from your paycheck to pay for either health care or dependent care expenses that would normally be paid out of pocket.
- Navia Benefit Solutions administers the FSA plans for the City of Mesa.
- Strict IRS rules govern FSA plans, such as how, when and where your funds can be spent and deadlines to file claims.
- FSA funds can only reimburse expenses incurred during the current plan year.
- You must re-enroll in an FSA plan every year during open enrollment if you want a plan in the following calendar year or if you want to receive eligible rollovers!





TYPES OF FSA PLANS



HEALTHCARE

Use funds to pay for out-of-pocket healthcare expenses, such as:

- Medical copays/deductibles/coinsurances
- Dental deductibles/coinsurances
- Vision care expenses
- Prescriptions
- Some OTC supplies/equipment

Funds are 'front loaded' so the full annual election amount is available on January 1.

DEPENDENT CARE

Use funds to pay for day care expenses for dependent children under age 13 at:

- Day care centers
- In-home day care providers
- Before and after school care
- Summer camps
- Adult/elder care

Funds are not 'front loaded' meaning participants only have access to the funds they contribute.



WHO IS ELIGIBLE FOR HEALTHCARE FSA REIMBURSEMENT



Eligible

- Employee
- Spouse
- Dependent Children under
age 26

Not Eligible

- Committed Partners
- Committed Partner Children
- Dependent Children over age 26



WHO IS ELIGIBLE FOR DEPENDENT CARE FSA REIMBURSEMENT?



Eligible

- Dependent Children age 12 and younger
- Dependent Adults who are physically or mentally incapable of self-care

Not Eligible

- Committed Partner Children
- Dependent Children age 13 and older



WHO QUALIFYS AS AN ELIGIBLE DEPENDENT CARE PROVIDER?



Eligible:

- Licensed daycare center, nursery school, preschool, or before-/after-school program
- Nanny, au pair, or in-home caregiver
- Adult day care program
- Relative or friend if they are engaged in the business of providing care

Not Eligible:

- Your dependent (such as your spouse or your own child under 19)
- The parent of the child



HOW DOES AN FSA PLAN WORK?

When you enroll in an FSA plan, you will receive an FSA Visa debit card.

- Use this card to pay for your patient responsibility at medical/dental offices, vision providers, pharmacy, etc. Full annual election amount is available on January 1.
- Request and keep itemized statements/receipts or EOBs to respond to "swipe" substantiation requests from Navia (required for almost everything that is not a pharmacy Rx purchase or a fixed copay amount).
- Use this card to pay for your child's day care services. Only unused funds that you have contributed before the "swipe" date are available.



As an option, instead of using your FSA debit card, you can submit for reimbursement by filing a claim (online or mail) with Navia.





SUBSTANTIATION REQUIREMENTS

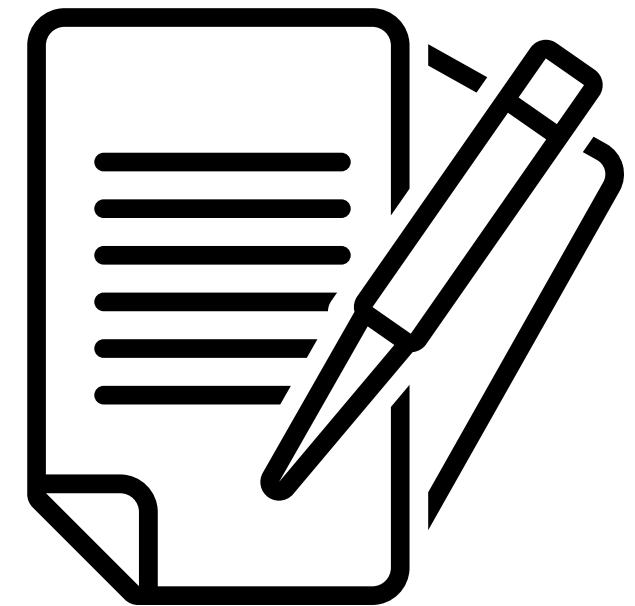
VERY IMPORTANT!



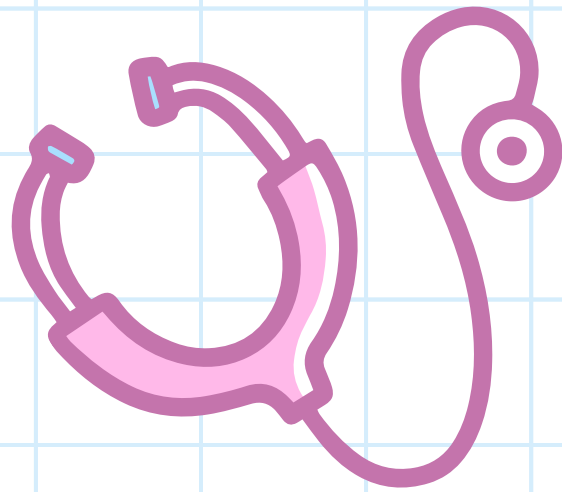
Frequently, Navia will request supporting documents to substantiate your FSA debit card charges/swipes.

Eligible documents to substantiate charges include:

- Medical or Dental Explanation of Benefits (EOBs)
- Itemized statements outlining the cost and patient responsibility. Must include:
 - Who - patient name
 - What - description of item or service
 - When - date of service
 - Where - provider name/address
 - How much - patient responsibility



Do not ignore this! Substantiation ensures the item or service was an eligible expense and avoids taxation.

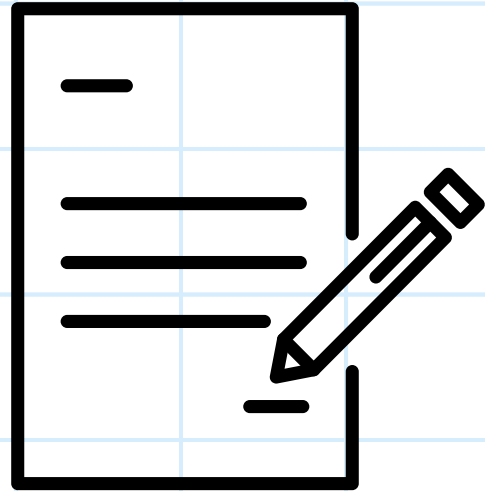


WHAT HAPPENS IF I FAIL TO SUBSTANTIATE?



IRS regs require that the unsubstantiated amount(s) becomes taxable income to you when all reconciliation processes are complete. That means a posting of "extra income" on a City paycheck and extra taxes out of that paycheck thus reducing your net income/take home pay when that happens.





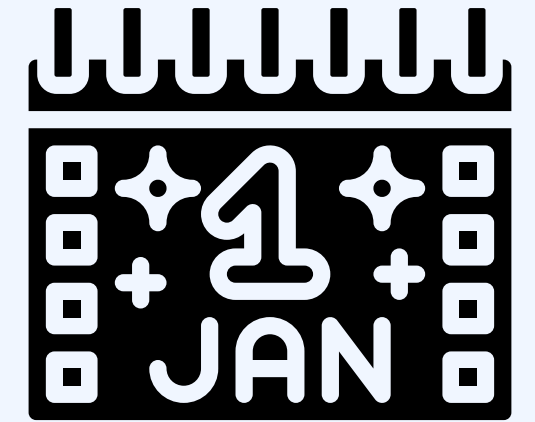
RE-ENROLLMENT IS REQUIRED EVERY YEAR TO REMAIN IN THE PLAN

ENROLL

Note that IRS regulations require re-enrollment into the FSA each year during Open Enrollment. If you intend to participate and contribute towards a health and/or dependent care FSA for the following calendar year, you **MUST** enroll during Open Enrollment otherwise your elections will default to \$0 starting on January 1.



ANNUAL FSA MAXIMUMS



FSA PLAN	2026	2027
Healthcare	\$3,300	\$3,400
Healthcare Rollover	\$660	\$680
Dependent Care	\$7,500/\$3,750	\$7,500/\$3,750
Dependent Care Rollover	N/A	N/A



HEALTH CARE FSA ROLLOVER FEATURE



As long as you re-enroll, the Health FSA Plan allows you to rollover up to a certain amount of your unused balance into the following plan year in addition to the amount you elect for that plan year. To qualify for the rollover feature, you must re-enroll in the Healthcare FSA during open enrollment with a minimum annual election of \$100.

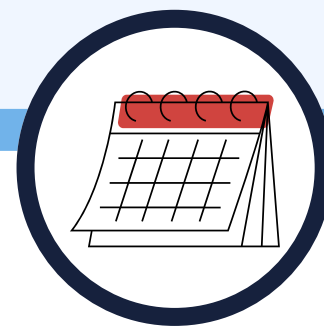
This rollover (\$680 for 2027/2028) will not be subject to the "use-it-or-lose-it" rule from one year to the next. However, balances more than the rollover amount will be subject to the "use-it-or-lose-it" rule.

FSA “USE-IT-OR-LOSE-IT” RULE



FORFEITURE OF FUNDS

Any funds not used are subject to forfeiture. If you are enrolled in a Healthcare FSA for the following year, you can carryover the yearly allowed rollover amount into the next plan year.



EXPENSE INCURRAL DATES

Eligible expenses must be incurred between January 1 and December 31 for the plan year you are enrolled in.

Participants have until March 31st of the following year to submit claims for reimbursement.



ESTIMATE EXPENSES WISELY

The plan is a “use it or lose it” program so be sure to estimate your annual elections wisely.

Estimate your expenses for the upcoming year to determine how much money you want to set aside in your FSA plan.



RESOURCES



- **WWW.NAVIABENEFITS.COM**

Register with Navia Benefits to view your account information, including annual election, account balances, claims, etc. The website also has valuable FSA resources including lists of eligible expenses, a benefit tax saving calculator and more.

- **NAVIA CUSTOMER SERVICE**

1-800-669-3539
Hours: Monday – Friday from 5 am – 5 pm (PST)
Contact Navia's customer service department for questions on your FSA plans or claims.

- **MYNAVIA APP**

Download the MyNavia app to your phone to manage and access your benefits right from your smartphone. The app allows you to see account balances, file claims, and view claim alerts.

- **EMPLOYEE BENEFITS OFFICE**

480-644-2299
Hours: Monday – Thursday from 7 am – 5:30 pm
Email: benefits.info@mesaaz.gov
Website: www.mesaaz.gov/benefits



QUESTIONS?