

Flexible Spending Accounts (FSA)

A Flexible Spending Account (FSA) allows you to set aside money through **pre-tax payroll deductions** to pay for eligible **medical, dental, vision, and work-related dependent care expenses**. Because contributions are deducted before federal income and FICA taxes, most participants can save **up to 40%** on eligible expenses.

You can use your FSA to get reimbursed for expenses you regularly pay out of pocket, such as healthcare copays, prescriptions, and dependent care costs. You must elect the amount you wish to contribute during each plan year.

Medical FSA – 2026 Limits

Item	Amount
Medical FSA Maximum Contribution	\$3,400
Carryover Amount (if applicable)	Up to \$680 may carry over into the next plan year
Eligible Expenses	<ul style="list-style-type: none">• Medical, dental, and vision copays• Prescription medications• Eligible over-the-counter healthcare items

Dependent Care FSA – 2026 Limits

Item	Details
Maximum Annual Contribution (2026)	\$7,500 per household (\$3,750 if married filing separately)
Eligible Expenses	Work-related daycare, preschool, before- and after-school care, and other qualifying dependent care expenses
Access to Funds	Dependent Care FSA funds are available only as contributions are made throughout the year

Contribution limits are set by the IRS and may be lower if the employer plan imposes a lower cap. Only expenses incurred during the plan year are eligible for reimbursement.



Enrollment Regulations

You may enroll in a **Health Care FSA** or **Dependent Care FSA** only during the **Open Enrollment period** or as a **new hire**.

Please note the following rules apply to Flexible Spending Accounts:

- Funds **cannot be transferred** between FSAs.
 - Dependent Care expenses **cannot** be paid from a Health Care FSA, and vice versa.
 - Expenses that have already been reimbursed **cannot** be deducted for income tax purposes.
 - Reimbursement is only available for services that have **already been received**.
 - You may not receive insurance benefits or any other compensation for expenses reimbursed through your FSA.
 - A **90-day run-out period** is provided at the end of the plan year to submit claims for eligible expenses incurred during the plan coverage period (**July 1 – June 30**)
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Additional Information

- Information about Flexible Spending Accounts is available on the **William Penn School District website** under staff access at **www.williampensd.org**, and on the provider's website at **www.benefitresources.com**. These resources include guidance on IRS-approved accounts and eligible medical and dependent care expenses.
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Plan Administrator

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