



## With a little planning, you can save money on certain dental and vision expenses this year!

By taking advantage of a Limited Purpose FSA Plan, you can hold on to more of your paycheck in a special, easy-to-use account while still being eligible for HSA contributions. The table on the right lists the type of items and services that you can pay for tax-free by enrolling in a Limited Purpose FSA.



**Save money by enrolling  
in a Limited Purpose FSA**

### Examples of Eligible Expenses under a Limited Purpose FSA Plan:



#### DENTAL CARE

- Examinations
- Dental implants
- Bridges
- Periodontal services
- Crowns
- Fillings
- X-rays
- Occlusal guards to prevent teeth grinding
- Orthodontia
- Dentures



#### VISION CARE

- Examinations
- Contacts (including materials and equipment)
- Glasses
- Laser eye surgery
- Prescription sunglasses

## **What is a Limited Purpose Flexible Spending Account?**

It is a plan provided by your employer that lets you set aside a certain amount of your paycheck into an account before paying income taxes. During the year, you can use funds in the account to pay for certain qualified dental and vision expenses. Some employers will allow up to \$500 to be carried over into the next FSA plan year.

## **Why am I offered a Limited Purpose FSA instead of a Medical Reimbursement FSA?**

The IRS will only allow you to have a “limited” FSA if you are also contributing to an HSA. Limited FSAs can only be used for dental and vision expenses. They cannot be used for medical services, prescriptions or over-the-counter items. If you have a high deductible plan and do not contribute to the HSA during the tax year, you can have a full FSA.

## **What if my spouse has a Health Savings Account or I become eligible for an HSA during the plan year?**

Special tax rules apply in these situations. Please contact Custom Design Benefits and we will help assess your specific situation. Your tax advisor should also be able to help you make the best decision to stay in compliance with applicable tax law.

## **How do I pay for qualified expenses?**

There are 2 ways to pay for qualified expenses. The easiest is your VISA debit card. This way, you don't have to reach into your pocket when you use the card to pay for qualified expenses. By paying with the card, your purchase is deducted from the balance in your FSA. Some payments will require further verification, so please hold on to your receipts.

You also have the option of paying out-of-pocket at the time of service and filing a claim form along with the proper expense verification. Custom Design Benefits will mail a reimbursement check or directly deposit the reimbursement into your designated bank account.

## **Are there any negatives that I should know about?**

Because you may not pay social security tax on the amount of gross pay that you set aside to pay for qualified expenses, your social security benefits at retirement may be slightly reduced. However, most tax advisors recommend taking advantage of current tax savings opportunities like Flexible Spending Accounts.