Healthcare flexible spending account (FSA)

TAX-FAVORED ACCOUNT

UMR | umr.com | 800.826.9781

A flexible spending account (FSA) allows you to set aside before-tax dollars from your paycheck to cover qualified expenses that you would normally pay out of your pocket with after-tax dollars. You pay no federal income, state income, or Social Security taxes on the money you place in your FSA. You are able to enroll in the healthcare FSA if you are NOT enrolled in the HSA health plan.

Funds contributed to the healthcare FSA are available in full on the first day of the plan year; however, please plan your contributions carefully, as any funds not used by the end of the plan year will be forfeited by the plan.

You have until February 28, 2027, to file claims for expenses incurred during the plan year.

The FSA carryover allows you to carry forward up to $680 of unused healthcare funds to the new calendar year which can be used for eligible healthcare expenses. This feature reduces the impact of the “use it or lose it” rule. Any unused amounts in excess of $680 will be forfeited at the end of the plan year, not carried forward. You MUST re-enroll in the FSA for the new plan year to access any rollover funds.

Healthcare FSA

The healthcare FSA lets you pay for certain IRS-approved medical care expenses not covered by your insurance plan with pretax dollars. For example, cash that you now spend on deductibles, copayments, or other out-of-pocket medical expenses can instead by placed in the healthcare reimbursement FSA pretax to pay for these expenses. You can even elect to have a debit card that allows you to pay for expenses at the same time you receive them, which lets you avoid having to wait for reimbursement. **However, please note that a receipt may need to be submitted to prove your expense was qualified.**

The maximum contribution to the healthcare reimbursement FSA is $3,400 per plan year, and the minimum contribution is $250 annually.*

*Limits subject to change.

Dependent care flexible spending account (FSA)

TAX-FAVORED ACCOUNT

UMR | umr.com | 800.826.9781

If you need child care for your dependents to allow you or your spouse to work or attend school full time, you can open a dependent care FSA. This allows you to be reimbursed on a pretax basis for child care.

New in 2026, the maximum amount you can set aside in a dependent care FSA is $7,500 per year per family, or $3,750 if married and filing separately. Funds in your dependent care FSA are available to you only as they are deducted from your paycheck. Remember to use all of your contributions each plan year because no funds may be carried over to the next year. In other words, you use it or lose it.*

Eligible expenses include the care of children under age 13 and the care for dependents of any age who are physically or mentally incapable of self-care (includes day care for elderly dependents, but not nursing home confinements).

Examples of eligible expenses are day care, after-school care, and elder care. You decide how much to deduct from each paycheck (annual minimum is $250 and annual maximum is $7,500). These contributions are made before taxes are taken from your earnings, which reduces your taxable income for the year. You can file claims at any time during the plan year, but they must be postmarked by the February 28, 2027, claims deadline. If you fax, upload, or use an e-receipt, it must be received by midnight Eastern time on the annual claims deadline indicated on your plan-year claim form.

Remember: Use it or lose it

Use all your contributions each plan year, because no funds can be carried over to the next year.

*Limits subject to change.

Remember

Changes to your FSA elections can be made only during open enrollment or if you experience a qualifying life event.