Flexible Spending Accounts (FSAs)

Q1. What is a flexible spending account (FSA)?

A flexible spending account (FSA) is a benefit that offers employees the opportunity to pay qualified healthcare and dependent care expenses with pretax dollars.

There are two types of FSAs available:

- Healthcare FSA (also referred to as medical FSA) funds may be used to pay for eligible medical, dental, and vision expenses that are not reimbursed by any healthcare plan.
- Dependent care FSA (also referred to as DCAP) funds may be used to pay for eligible dependent care expenses while employees (and spouses) work, look for work, or attend school full-time.

FSA contributions are not taxed at a federal income tax level when used for eligible expenses. Most states recognize FSA funds as tax-free; however, some do not. Consult a tax adviser regarding specific state rules.

Q2. Who is the business partner that the Board uses to administer flexible spending accounts (FSAs)?

The Board of Pensions partners with Furthersm, a leading national health savings and spending account administrator, to help employers offer flexible spending accounts (FSAs) to employees. Under our arrangement, congregations and employers will work directly with Further for enrollment, billing, and administration.

Q3. We want to offer flexible spending accounts (FSAs) to employees but don't have a lot of time to handle the associated administration. What is required of our organization?

The Board partners with Further, a leading national FSA administrator, to administer employee spending accounts, reimburse claims, and provide online support including calculator tools and other resources. Employers who select either type of FSA (or both) will be responsible for

- signing an employer enrollment form with Further;
- distributing enrollment forms to employees and collecting them when completed;
- recording employee elections on the Further portal OR keying elections into a spreadsheet and uploading it to the Further secure site to enroll employees and then weekly to submit payroll deductions; and
- setting up a bank account for employee per-pay FSA contributions (Further will debit this account for claim reimbursement. Further can debit the same or a separate account for the $3.90 per participant/per month administrative fee that employers pay.)

Q4. Can I select FSAs when I review and update my Employer Agreement in Benefits Connect?

Yes. In the Employer Agreement section of Benefits Connect, choose the Flexible Spending Accounts step. Check the box next to Healthcare Flexible Spending Account, Dependent Care Flexible Spending Account, or both. The Board will forward your information to the Further Employer Support team.
Keep in mind that under IRS rules

- you must offer a qualified healthcare plan (through the Board or another source) to offer a healthcare FSA,
- you may not offer a healthcare FSA to employees who elect the HDHP and HSA; and
- you must set up a Section 125 plan to ensure that FSA pretax deductions fully meet IRS requirements or to ensure that your FSA(s) are fully compliant with IRS regulations.

Q5. What happens after I select FSAs when submitting my Employer Agreement?

After you select FSA(s) and submit your Employer Agreement through Benefits Connect, the Further Employer Support team will call you by phone to walk through the process to set up FSA employee deductions, enroll your employees, and establish a process so FSA claims are paid. It’s important to do the following:

- When you log on to Benefits Connect to complete your Employer Agreement, go to your employer profile to confirm that your phone number and email are accurate.
- For optimal service, when you communicate with Further by phone or email, mention your organization’s name and the Board of Pensions (for example, First Presbyterian Church of Springfield referred by the Board of Pensions).

Q6. How do I set up my group’s FSA?

In your initial conversations, Further will share an employer enrollment form and explain how to complete it. You will be asked to provide employer and bank account information. During that conversation, the Further representative will preview the process for enrolling employees and funding employee accounts.

Return your completed, signed employer enrollment form to Further. You will receive a welcome email confirming your setup in the system, along with your portal access. You will receive a plan document and contract to sign within 60 days.

Q7. How will my employee FSAs be funded?

When your Further representative walks you through the employer enrollment form, you will provide banking information to ensure that employee FSAs are funded according to their elections:

- You must establish an account (or use an existing one) for FSA claims reimbursement processing. The funds you deduct from employees’ pay will be held in this account to reimburse their eligible FSA expenses.
- You may use the same account, (or establish a separate one) for FSA administrative fees from Further (no set up fee; $3.90 per participant/per month). FSA administrative fees must be paid by the employer.

Q8. How and when will employees enroll?

During annual enrollment, employees may elect a healthcare FSA and/or dependent care FSA (based on your selections), specifying election amounts for the coming year. Employees will provide their elections using paper forms, not on Benefits Connect. FSA election forms for employees will be available through Further and on pensions.org.

IMPORTANT: Although you may complete an agreement with Further within 60 days of returning your employer enrollment form, please do not distribute enrollment forms to employees before the Board of Pensions annual enrollment period (October 29–November 16, 2018, for 2019).

Distribute enrollment forms to employees, collect completed forms, and enroll employees by

- entering the information into a spreadsheet and uploading it to the Further secure site; or
- entering the information directly into the Further employer portal.
Do not return paper enrollment forms to Further. They will not be accepted.

Further will mail a welcome packet (and debit card for any healthcare FSA election) to employees.

Q9. What’s involved in the payroll process to fund employee FSAs?

Each week, you will submit a file to Further indicating employee payroll deductions and direct the total amount of those deductions into the designated bank account. Further will send an invoice through the employer portal with the amount needed to pay employee claims, and will deduct that amount weekly from the designated bank account. You will receive additional information as you complete the employer enrollment form.

Questions?

If you have FSA-related questions, call Further Employer Support at 855-363-2583 between 8 a.m. and 5 p.m. Central Time, Monday through Friday, or email sales.support@hellofurther.com. Other questions? Call the Board at 800-773-7752 (800-PRESPLAN) or visit pensions.org.