

University of Arkansas at Pine Bluff

Faculty/Staff Handbook

Policy: **FLEXIBLE SPENDING ACCOUNTS**

Policy #: **12.8**

The University offers flexible spending accounts, under a Section 125 cafeteria plan, which allows you to use pre-tax dollars to pay for medical care and care for dependents. Each year, you may designate a portion of your salary which will be placed in an individualized account before federal, state, and social security taxes are deducted. You may then be reimbursed from your account for eligible health or dependent care expenses. The flexible spending account may allow you to reduce your taxes while increasing your spendable income. There are two types of flexible spending accounts:

- a. The *medical care reimbursement account* can be used to pay certain out-of-pocket medical expenses not covered by your insurance plans, such as unreimbursed dental expenses, medical expenses, copayments, coinsurance, annual deductibles and prescription cost.
- b. The *dependent care reimbursement account* can be used to pay those costs for care of your dependents that allow you and/or your spouse, if you are married, to work. Expenses that are eligible for reimbursement includes day care or after-school care expenses for your child who is under age 13 and care for your spouse or other adult dependent who is incapable of self-care.

Although you may set up both types of account, you may not use your medical care reimbursement account to pay for dependent care nor your dependent care reimbursement account to pay for medical expenses. It is important, therefore, to estimate your needs for each purpose as accurately as possible at the beginning of every year and to anticipate any changes that may occur during the calendar year, such as your pre-school child starting kindergarten in the fall. If you do not use your annual elected amount for medical or childcare reimbursement, during that allotted year, you will lose it.

Resource(s):

Approved by:

Approval date:

Custodian: Human Resources