FLEXIBLE SPENDING ACCOUNT (FSA)

Flexible Spending Accounts (FSA) let you pay some of your health care and dependent care expenses in a way that reduces your taxes at the same time. You can set up one FSA for health care expenses and another to pay for the cost of caring for your dependents while you are at work. The dependent care is offered directly through the Water Department. The FSA allows you to use pre-tax dollars to pay for eligible expenses for which you are not reimbursed by another medical, dental and/or vision plan or tax credit. Such expenses include medical and dental deductibles, coinsurance, co-payments, prescription glasses, contact lenses, LASIK eye surgery, and even over-the-counter medications.

When you set up an FSA, you place money in your account through automatic, pre-tax payroll deductions. Then, as you have eligible health care or dependent care expenses throughout the year, you are reimbursed tax-free from your account. You pay no federal income taxes, no Social Security taxes, and no state income taxes on the amount of pre-tax dollars you contribute to an FSA or on the reimbursements you receive***. For more information contact Human Resources.***