



State of Iowa

Flexible Spending Accounts

Tired of paying taxes? Employees who participate in the Flexible Spending Account (FSA) program don't pay taxes on wages used to pay eligible health and dependent care expenses.

FSA terms

Eligible employee	A permanent State employee who is normally scheduled for 20 or more hours of work per week
FSA	A tax-free account funded through payroll deduction and used to pay eligible health and dependent care expenses
ASI	The administrator of the State's flexible spending account program
Incurred expense	Expenses for services you have received or products you have ordered (not necessarily billed or paid for)
Health care expense	Medical expense for yourself, your spouse, or your dependents (through the year in which they turn age 26) not paid by insurance
Dependent care expense	Expense for care of a child under age 13 or an adult incapable of self-care, which enables you to work. If you are married, your spouse must also work/be a full-time student and the dependent must be claimed on your tax return. If you are divorced, you must be the custodial parent, but are not required to claim the exemption.

How the program works

You decide how much to set aside for health and/or dependent care expenses up to the annual limits (2025 Health FSA limit = \$3,200; 2024 Dependent Care FSA limit = \$5,000*). This amount is divided by the number of payroll checks you expect to receive the next calendar year (maximum of 24). Through payroll deduction, this amount is taken from your paychecks (before taxes) and deposited to your FSA account(s). You file a claim for reimbursement of an incurred expense. ASI processes "good order" claims by the next business day and sends you a reimbursement by direct deposit or check. Dependent Care expenses incurred through March 15 may be applied toward the previous year's annual election, if any funds remain.

*Per family for single and married employees (\$2,500 if married and filing separate tax returns) for dependent care.

Example

Assumes a family with income of \$45,000 and at least \$2,000 in eligible expenses next year:



	Without FSA	With FSA
Annual compensation	\$ 45,000	\$ 45,000
Tax-free expenses	0	-2,000
Taxable income	\$ 45,000	\$ 43,000
FICA @ 7.65%	-3,443	-3,290
Federal Income Tax ¹	-2,139	-1,900
State Income Tax ¹	-1,929	-1,810
Net pay check	\$ 37,489	\$ 36,000
After-tax expenses	-2,000	0
Actual take-home pay	\$ 35,489	\$ 36,000
Net cash savings	0	\$ 511

¹Assumes filing married with 2 dependents

Savings will vary for each participant. Calculate your own potential savings using your marginal tax bracket. A Tax Savings Calculator is provided for you at www.asiflex.com.

Estimate your annual health care expenses

Examples of eligible healthcare expenses are:

- Medical: Chiropractic care, prescribed medications, co-pays, deductibles, hearing aids
- Dental: Exams, cleanings, fillings, crowns, braces
- Vision: Eye exams, contact lenses, glasses, LASIK surgery

Utilize the Healthcare [expense calculator](#) to more fully estimate your expenditures.

Carryover option: Up to \$610 of unused Health FSA 2024 contributions may be carried over to the 2025 plan year. Up to \$640 of unused Health FSA 2025 contributions may be carried over to the 2026 plan year. Your carryover dollars are the first to be spent when you submit a claim in the new plan year. Carryover funds must be used in the next calendar year or they will be forfeited.

Orthodontics and Dental	_____
Glasses, contacts, solutions	_____
Deductibles	_____
Co-pays	_____
Prescription medicines	_____
Mileage/Other	_____
Total health care expenses	<input type="text"/>

Estimate your annual dependent care expenses

Grace period option: You have until March 15th of the next plan year to incur expenses for reimbursement of your current year contributions. **Only include expenses that you are sure you will incur.** Unused Dependent Care contributions cannot be returned to you.

A care provider cannot be your spouse, a relative that lives in your home, or your dependent that is under age 19. Expenses incurred during vacations or sick days are not eligible. Examples of eligible dependent care expenses are:

- Day care centers (compliant with state/local laws)
- Babysitters
- Pre-school (before kindergarten)
- General purpose day camps

Ineligible expenses include food, transportation, activity fees, education expenses, overnight camps (including day-time portion), private school tuition (kindergarten or higher).

Day care center	_____
Babysitters	_____
Day camp	_____
Pre-school	_____
Before/after school care	_____
Total dependent care expenses	<input type="text"/>

Q & A

When and how do I enroll? You may enroll within 30 days of hire, when you have a qualifying life event, or during the fall Open Enrollment period. To continue participation each plan year, you must re-enroll. All enrollments must be processed through Workday.

Can I change my election midyear? Changes are only allowed if you have a qualifying life event. Please refer to the Summary Plan Description for more details or contact your human resources associate.

What happens if I leave employment during the year? Generally, your coverage stops at the end of the month in which you make your last payroll deduction.

For additional information, please read the [FSA Summary Plan Description](#).

If you have questions concerning program rules, eligible expenses, or claims, contact ASI.