

Limited-purpose FSA Plan Year 2021

The TexFlex limited-purpose flexible spending account (FSA) is only available to eligible participants enrolled in Consumer Directed HealthSelectSM.

The limited-purpose FSA lets you set aside money on a pre-tax basis—for both you and your eligible dependents—the same way a TexFlex health care FSA does, except that you can only be reimbursed for eligible dental and vision expenses.

Who can enroll in limited-purpose FSA?

Only employees and return-to-work retirees with active employee coverage who are enrolled in Consumer Directed HealthSelect (a high-deductible health plan with a health savings account) can enroll in a limited-purpose FSA. (Retirees aren't eligible).

If you have funds in a health care FSA when you enroll in the Consumer Directed HealthSelect plan, your health care FSA funds will be moved to a limited-purpose FSA. IRS rules don't allow you to participate in both a health care FSA and an HSA.

The Consolidated Appropriations Act allows for the following changes for Plan Year 2021:

- Carryover limits have been removed. Any unused funds will be carried over for use into the next plan year.
- You may continue submitting claims to use your remaining balance even after you end employment.
- You can make prospective changes to FSA contributions at any time during the plan year without a QLE. You cannot reduce your annual pledge to an amount less than your year-to-date contributions or reimbursements.

Contribution limits

Because the limited-purpose FSA is a pre-tax benefit, the IRS limits the amount you can contribute to your account. The limits are determined each year by the IRS. The annual minimum contribution amount is \$180 and the annual maximum contribution amount is \$2,750 for Plan Year 2021.

What if I don't use all of my funds?

Any unused funds will be carried over to the new plan year.

What can I purchase with my limited-purpose FSA funds?

You can only purchase eligible out-of-pocket dental and vision expenses. General health care expenses are not eligible under a limited-purpose FSA. Visit www.TexFlexERS.com to see the TexFlex limited-purpose FSA Eligible Expense Guide under "Program Resources".

How can a limited-purpose FSA save me money?

It let's you set money aside for eligible dental and vision expenses before taxes are taken out of your paycheck, which lowers your taxable income.

Savings example

Annual Savings*	With a limited-purpose FSA	Without a limited-purpose FSA
Annual pay	\$40,000	\$40,000
Limited-purpose FSA pre-tax contribution	(\$2,000)	\$0
Taxable income	\$38,000	\$40,000
Federal income, Social Security & Medicare taxes	(\$8,179)	(\$8,832)
After-tax dollars spent on eligible expenses	\$0	(\$2,000)
Real spendable income	\$29,821	\$29,168
Savings with a limited-purpose FSA	\$653	

* Sample tax savings for a single taxpayer with no exemptions. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

Limited-purpose FSA

When you enroll in a limited-purpose FSA, you will automatically receive a free debit card. Because you have access to all of your annual contribution your first day of enrollment in the plan, your funds don't have to be deposited into your account before you use your debit card. Simply swipe the card when it's time to pay for your eligible dental and vision expenses. **Keep all receipts in case you're asked to provide verification of eligible expenses at a later time.**



If you currently participate in the TexFlex health care FSA or the TexFlex commuter spending account and already have a TexFlex debit card, you won't receive another debit card, you'll use the same one.

If you choose not to use the debit card, you can file a claim online, by mail or fax. WageWorks will mail a check to you if you have not enrolled in direct deposit. The reimbursement process generally takes three to five business days.

What happens to my FSA if I leave state employment?

If you terminate employment during the plan year and still have funds left in your limited-purpose FSA, you can continue to submit claims for reimbursement of unused contributions.

You can choose to continue participation in your limited-purpose FSA through COBRA and file claims for eligible expenses incurred throughout your participation.

Your TexFlex debit card is deactivated on the last day of the month in which your employment ends.

Where can I learn more?

Visit www.TexFlexERS.com for more information about the limited-purpose FSA or call TexFlex Customer Care toll-free at **(844) 884-2364**. Representatives are available 7:00 a.m. to 7:00 p.m. CT, Monday - Friday.

Call TexFlex about:

- Specific TexFlex account questions
- Claim reimbursement status
- Your TexFlex debit card and to request additional cards for eligible dependents at no cost

TexFlex participant support

TexFlex Customer Care:
(844) 884-2364 (toll-free)
TTY: 711
Monday - Friday
7 a.m. - 7 p.m. CT

Claims fax:
(866) 643-2219
(toll-free)

Mail:
WageWorks, Inc.
5200 Commerce Crossings
Suite 100
Louisville, KY 40299

Website:
www.TexFlexERS.com

For a complete list of eligible limited-purpose FSA expenses, visit www.TexFlexERS.com.

DISCLAIMERS

Actual tax savings depends on your individual circumstances. Please consult a tax professional for more information. Neither WageWorks nor ERS engage in rendering legal or tax services. Any guidance given in this communication is not legal or tax advice. Information contained herein is merely guidance that, at your discretion, you may or may not use in making decisions. If legal or tax advice is desired or required, the services of legal counsel or a tax professional are recommended.