

Save on Orthodontia with a Flexible Spending Account



Flexible Spending Accounts (FSA) are offered by many employers as part of their overall employee benefits package. If your employer provides this benefit, you may use it to save up to 40%* of the cost of orthodontia by using pre-tax dollars. Use your FSA along with orthodontia insurance to lower your actual out-of-pocket costs substantially.

This is how the FSA works. During your benefits open enrollment period you will be allowed to enroll in the plan and elect the annual amount you intend to spend during the plan year. Your election will be divided by the number of pays in the year and equal deductions will be taken from your pay before taxes are withheld...lowering your tax bite. During the year, you will submit claims and be reimbursed for approved expenses—tax free!

Orthodontia is handled differently than other Flexible Spending Account Claims

Orthodontia is the only approved FSA expense that may be paid as long as treatment continues and you are making payments. Be aware that many factors will impact your orthodontia cost, how much you will save through your FSA and how you are reimbursed. Following are three examples of how different factors impact results:

1. *Chandra does not have orthodontia insurance and decided to pay the entire amount at the beginning of her \$5,000 treatment because she received a 10% discount from her Orthodontist for doing so. She may be reimbursed up to the amount she elected to put into her Flexible Spending Account for the current plan year (\$3,000). Because she paid the full amount in one plan year, she may not receive reimbursement for the balance in the next plan year even though treatment continues.*

Total cost after discount	Insurance claim	Out-of-pocket expense	FSA Reimbursement	Non-reimbursable expense	Tax savings for year*
\$4,500	\$0	\$4,500	\$3,000	\$1,500	\$901.50

Pre-tax dollars have more spending muscle

Pre-tax dollars are the real deal! Depending on your tax bracket, you'll save up to 40 cents of each pre-tax dollar by not paying Federal, State and Social Security taxes. This translates into real money in your pocket. You can save on many approved dental expenses!*

*Savings will vary based on tax bracket. All examples shown calculated at 7.65% Social Security, 17.4% Federal and 5% state income tax savings.

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2. Sharon has orthodontia insurance which pays 50% of costs up to a lifetime maximum benefit of \$1,000. The cost of her son's treatment is \$5,000 over a two-year term. She has a Flexible Spending Account with an annual maximum contribution of \$3,000. After considering her options, Sharon decides on the following course:

Year One	Insurance	Sharon
Down payment of 25%	\$625.00	\$625.00
Four installments of \$156.25	\$312.52	\$312.52
Insurance lifetime max is met on fifth monthly payment	\$62.48	\$93.77
Sharon makes seven payments of \$156.25		\$1,875.00
Year Two		
Sharon makes 12 monthly payments of \$156.25	\$0	\$1,875.00
Totals paid over two-year period	\$1,000.00	\$4,000.00

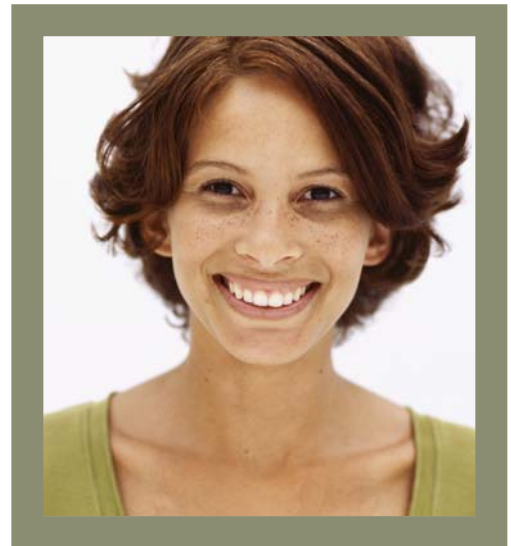
Sharon is reimbursed \$1,000 by her orthodontia insurance. In addition, she is reimbursed through her Healthcare Flexible Spending Account the entire \$4,000 she paid out-of-pocket, which gives her a total tax savings of \$1,206*. Through insurance and tax savings, her total cost for Bobby's braces has been lowered to **\$2,794.00** from **\$5,000.00**.

3. Thomas does not have orthodontia insurance. The cost of his daughter's treatment is \$5,000 over a two-year term. He has a Flexible Spending Account with an annual maximum contribution of \$3,000. He knows that he can be reimbursed through his FSA for orthodontia payments during the period of treatment. He decides to use his FSA as follows:

Year One	Thomas' Payments	FSA tax savings*
Down payment of 25%	\$1,250.00	
12 installments of \$156.25	\$1,875.00	
Total annual payments	\$3,125.00	901.50
Year Two		
12 installments of \$156.25	\$1,875.00	\$563.44
Totals over two-year period	\$5,000.00	\$1,464.94

By saving \$1,464.94 in taxes, Thomas has effectively lowered the cost of his daughter's treatment to **\$3,535.06** from **\$5,000.00**.

Savings will vary based on tax bracket. All examples shown calculated at 7.65% Social Security, 17.4% Federal and 5% state income tax savings.



Do you have
an HSA?
You may still use
a Limited FSA
for dental expenses.



3510 Irwin Simpson Road
Mason, OH 45040
TEL: 513.459.9997 | 800.982.7715
FAX: 513.459.9947 | 888.245.8452
Email: askpenny@chard-snyder.com