

Easy Qualified Healthcare Purchases for Employees



Deliver the complementary benefit services your employees want and deserve.

Why sponsor an FSA program?

An FSA allows employees to contribute money into an account with each paycheck to pay for qualified expenses on a pre-tax basis. Employees can use these tax-free funds to pay for qualified out-of-pocket medical costs and other eligible expenses.

With an FSA, employees save FICA, federal, state, and local taxes. By reducing their taxable income, employees can increase their take-home pay. Similarly, employers experience a 7.65% FICA savings on every dollar your employees contribute to the plan, while increasing their ability to attract and retain talented employees.

The Paylocity Difference

With Paylocity's game-changing benefit administration technology, you can offer the same great FSA but with an easily accessible, enhanced employee experience. Built right into your Paylocity payroll and human capital management (HCM) system, employees can access their FSA accounts in the same place they request time off or view paystubs, streamlining disparate systems and time-consuming tasks.

What plans can be offered under an FSA?

Healthcare FSA: An account option used to reimburse employees for out-of-pocket medical, dental, and vision care expenses, such as deductibles, prescriptions, check-ups, and more.

Dependent Care FSA: This account can be used to pay for eligible child and adult care services, such as preschool, before or after school programs, daycare, summer camps (not overnight camps), and more for:

- a child under the age of 13, or
- a child, spouse, or other dependent who is physically or mentally incapable of self-care, resides with you for more than half the year, and regularly spends at least 8 hours a day in your home.

Limited Healthcare FSA: An account option for employees enrolled in an HSA that can be used for qualified dental, vision, and preventative care expenses.

FSA Employer Tax-Savings Example

10 employee Exp.	without cafeteria plan	with cafeteria plan
Annual Payroll	\$400,000	\$400,000
Employee-Paid Pre-Tax Premiums	- \$0	- \$24,000*
Employee Healthcare FSA Pre-Tax Contributions	- \$0	- \$10,000**
Employee Dependent Care FSA Pre-Tax Contributions	- \$0	- \$15,000‡
Taxable Payroll	\$400,000	\$351,000
FICA Tax (7.65%)	\$30,600	\$26,851
Employer Savings	\$0	\$3,749

*Insurance premiums averaging \$200 per month per employee.

**Four employees contributing \$2,500 per year.

‡Three employees contributing \$5,000 per year.

Sponsor an FSA plan and give your employees an instant pay raise!

Let's take a look at who is eligible to sponsor an FSA:*

-  Government Entities
-  Non-Profit Organizations
-  Sole Proprietorships
-  Corporations
-  S-Corporations
-  LLCs
-  Partnerships

What about leftover funds?

Employers may offer a Healthcare FSA with a \$500 carryover or grace period option. With the \$500 carryover, employees can roll over up to \$500 of unused Healthcare FSA funds at the end of your plan year. Alternatively, the grace period option allows for an extended period of time at the end of the plan year (usually 2.5 months) in which you can continue to incur expenses to use your remaining Healthcare FSA balance.

Access to funds at your fingertips!

Paylocity's Debit Smart Card gives employees instant access to employees' elected funds on a single card. Paying for qualified medical, dental, vision, and commuter expenses has never been easier than with a debit card loaded with your account balances from multiple plans. No more claim forms. No more paying out-of-pocket.

No more hassle. Paired with an HSA, the Paylocity Debit Smart Card allows employees to:

- Stay compliant with IRS guidelines by using the benefit card on qualified expenses
- Stack their HSA with a Limited HRA and/or Limited FSA to maximize employee's pre-tax spending power
- Eliminate the need to pay out-of-pocket for qualified expenses



*IRS guidelines prohibit sole proprietors, partners, members of an LLC, and 2% or more shareholders of an S-corporation from participating in an FSA plan.

This information is provided as a courtesy, may change and is not intended as legal or tax guidance. Employers with questions or concerns outside the scope of an Employee Benefits Services Provider are encouraged to seek the advice of a qualified CPA, Tax or ERISA Attorney or Advisor.