

QUALITY TAX & BUSINESS PARTNERS

Putting the Financial Pieces of Your Life Together

OPEN ENROLLMENT

HSA's, FSA's & DCB's... The Alphabet Soup of Open Enrollment



Does the thought of sifting through all the paperwork your company provides you with leave you feeling a little lost and unsure of yourself? Do you feel the whirlwind of information overload as you sift through all of the different plans and options to choose from? There are so many options in today's marketplace, how do you choose the right one for you and your family? Let us fit the pieces together for you.

HSA – Health Savings Account – The newest way to sock money away for your health needs from a pre tax position. Many employers are now changing from your typical HMO coverage options to high deductible plans. This allows for the employer to save a few more dollars and is designed to assist the consumer better manage their health needs. The benefits of an HSA plan are that the money you contribute comes from your pre tax dollars, your employer can also make contributions, you can also take a tax deduction for any additional contributions you make directly to the account up to the maximum allowed, and the best part is any unused amounts are carried forward to be used at a later date and can even gain interest! The downfall is for some families that have high necessary medical bills; this type of plan can be expensive or not cover all of the bills.

FSA – Flexible Savings Account – This allows you to set aside a fixed dollar amount from pre tax dollars for your medical needs. This works well for those who have minimal or limited medical needs and can forecast their yearly needs well. You will need to be careful because this is a “use it” or “lose it” plan, meaning that any money that you have set aside but did not use for qualified medical expenses (co-pay, dental, prescriptions, to name a few) will then become taxable to you, and the unused portion does not carry forward to the next year. If you have many fixed or recurring medical payments each year, this may be beneficial to you.

DCB – Dependent Care Benefit – Daycare is the necessary evil of the working family. Both parents need to work to provide for the family, but the cost of quality daycare can put a hole in anyone's pocket. Similar to the medical plans this allows for money to be set aside from pretax dollars to be used for qualified daycare expenses. Also, similar to an FSA plan you must use the amounts you set aside or they will become taxable to you and you cannot carry them forward. Just be sure to follow your plan and get reimbursed!

Taking advantage of your medical and other family benefits helps you reduce your taxable income, leaving you more money to enjoy with your family. Taking a close look at your current medical situation and a forecast of your future needs is necessary before making any decisions. We can help you review not only the options you have before you, but how they will fit into your tax life cycle.

Call us at 781-391-1906 for a consultation today!