Three tips for spending your FSA

Your Flexible Spending Account (FSA) can be a great way to save pre-tax dollars for healthcare costs throughout the year.1 However, it’s important to note that in many cases, your account is a use-it-or-lose-it situation each year.

Use these three tips to get more out of every FSA dollar.

1. Plan your spending all year

Don’t wait until the end of the year to try to use your FSA dollars. Plan to use your FSA throughout the year on various costs that crop up. In fact, you can use your FSA to pay for:

* **Copays** for doctor visits and other checkups
* **Eye care**, including exams, contact lenses, and eyeglasses
* **Dental care**, including exams, artificial teeth, fillings, and orthodontia
* **Over-the-counter medicines**, including for allergies, cold, flu, pain relief, and more
* **Home medical devices**, including CPAP accessories, glucose monitoring equipment, blood pressure monitoring devices, oximeters, and more
* **Menstrual care products** such as tampons, pads, sponges, and cups
* **Travel items** like sunscreen (SPF 15+), and motion sickness wristbands
* **Reproductive health**, including birth control, fertility kits, and pregnancy tests

Review [HealthEquity’s interactive list of qualified medical expenses](https://learn.healthequity.com/qme/) to see what’s covered. With that information, you can plan your spending and use your FSA dollars as needed—without the need for a spending spree at the end of the year.

2. Save up for costly procedures

If you know you’ll need an expensive procedure later in the year, you can save your pre-tax FSA dollars to help cover the cost.

Many health plans require you to meet a deductible, meaning the out-of-pocket amount you’re required to pay before insurance kicks in. Additionally, there are some procedures your insurance might not cover—but are eligible for payment through your FSA.

When you’re planning laser eye surgery, weight-loss surgery to treat a medical condition, breast reconstruction after a mastectomy, or any other eligible procedure, your FSA can help you save up. Your healthcare provider and insurer should be able to help you estimate how much you’ll need to pay out-of-pocket, and you can make a plan to save ahead using pre-tax dollars in your FSA.

Once it’s time to pay for the procedure, you can use your FSA debit card or use your own money and reimburse yourself from your FSA.

3. File claims for expenses you missed

What if you get to the end of the year and still have money in your FSA? It’s a good time to file claims for expenses you might have missed. In many cases, you need to file your claims before the end of your plan year (e.g., December 31 for calendar-year plans) or the end of your applicable run-out period. Log into your member account to submit receipts for reimbursement from your FSA.

Review your spending from the year and consider the supplies you bought, as well as some of the healthcare costs you incurred from copays. You might be surprised to discover items you didn’t realize were eligible for your FSA—and you can still use your pre-tax dollars to benefit.

What if you don’t spend down your FSA?

In many cases, you risk losing the dollars in your FSA if you don’t use them by the end of your plan year. Depending on your employer, you might have access to a carryover feature or a grace period.

* **Carryover.** You might be able to bring some unused funds into the new year for your FSA.
* **Grace period.** You might have a grace period to file claims for expenses incurred during a certain period in your subsequent plan year.

These features are only available if your employer’s plan allows for it, so review your plan carefully for options. It’s always best to plan ahead so you can maximize your FSA benefits by using all your available pre-tax healthcare dollars.

1FSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize FSA funds as tax deductible with very few exceptions. Please consult a tax advisor regarding your state’s specific rules.

HealthEquity does not provide legal, tax or financial advice. Always consult a professional when making life-changing decisions.