

FLEXIBLE SPENDING ACCOUNT (FSA)




Take care of your employees and their families by offering them access to a Flexible Spending Account (FSA). By participating in a FSA your employees can **save 15-30%** on taxes using pre-tax dollars. In turn, as the employer, **you also save on payroll taxes.**

Here are the benefits of partnering with ProService Hawaii to offer this benefit to your employees:

CONVENIENCE – ProService will take care of all the administrative tasks associated with offering this benefit to your employees. From setting up your account, enrolling your employees, and answering their questions about FSA.

COMPETITIVE FEES – Take advantage of competitive rates for your initial set up, annual fees and per participant per month (PPPM) fees.

COMPLIANCE – You'll receive guidance on best practices, annual reconciliation and testing as part of our service. You'll have peace of mind knowing that you are always in compliance with all the rules associated with offering this benefit.

TYPE OF ACCOUNT	ELECTION LIMITS	WHAT YOU CAN USE IT FOR
Flexible Spending Account (Health Care) 	Elect up to \$2,850* per plan year to be deducted on a pre-tax basis	Examples of eligible medical, dental or vision expenses: <ul style="list-style-type: none"> • Medical office visit co-pays • Prescription co-pays • Dental care (e.g. Ortho) • Eye glasses / contact lenses/Lasik Surgery
Dependent Care Account 	Elect up to \$5,000* per family (\$2,500* for those who are married but file separate tax returns) per plan year to be deducted on a pre-tax basis.	Examples of eligible child and elderly care expenses: <ul style="list-style-type: none"> • Childcare expenses (must be licensed) • Preschool expenses • Before or after school care for dependents under the age of 13 • Dependent care for your spouse or other dependent who is physically or mentally incapable of self-care
Parking / Transit Account 	Elect up to \$280* per month on a pre-tax basis for qualified work-related commuting and/or parking expenses incurred by the employee.	Examples of eligible expenses: <ul style="list-style-type: none"> • Monthly office parking • Public Transportation • Vanpools

*IRS Limits as of the 2022 plan year and are subject to change. When participating in this benefit, monthly administration fees may apply.

FREQUENTLY ASKED QUESTIONS ON FSA

Who administers the FSA benefits?

ProService Hawaii has selected National Benefit Services (NBS) as its flexible benefits administrator. We chose NBS because of their local presence in Hawaii, reputation for excellent customer service and overall lower costs.

Who is eligible to participate?

Employees who work a minimum of 20 hours per week for 4 consecutive weeks are eligible. There are a few exceptions pertaining to who are not eligible to participate:

- S Corp shareholders above the 2% ownership level and immediate family members
- LLC owners taxed as a Partnership
- LLP members
- Partners in a Partnership and Sole Proprietors; spouses and/or family members who are not W-2 employees of the company

What expenses are eligible for FSA?

Visit my.nbsbenefits.com. Under the QuickLinks section at the bottom of the page, click on Eligible Expenses and you'll find tools like an eligibility list and FSA calculator that can help you see an estimate of how much your employees can save with FSA.

Can my employee make changes to their elections to FSA during the plan year?

For Flexible Spending Account (Health Care) or Dependent Care Account: Changes can only be made within 30 days of a qualifying event and will take effect on the first of the following month. The IRS determines what is considered a qualifying event or qualified change of status. Some examples of qualified changes are birth of a child, death, divorce, or marriage.

For Parking/Transit Account: Changes are allowed on a monthly basis and take effect on the first of the following month.

When can my employees use the funds in their FSA account?

For Flexible Spending Account (Health Care): Your total election amount is available to you at the start of your enrollment period.

For Dependent Care and Parking/Transit Accounts: Funds are available to you for reimbursement as they are deducted from your paycheck.

