Learn about the benefits of a limited-purpose FSA.

What is it?
A limited-purpose flexible spending account (FSA) is a special account that lets you set aside money—before it is taxed—to help pay for eligible dental and vision expenses.

How does it work?
When the plan year begins, money is taken out of your paycheck before federal, state or Social Security taxes are taken out. The money is placed into your FSA and is available the first day of the plan year.

Why is it a good idea to have one?
Under current IRS rules, you cannot deposit money into a health savings account (HSA) if you participate in a standard health care FSA. However, because a limited-purpose FSA restricts reimbursements to specific dental and vision care expenses, the IRS allows you to participate in both a limited-purpose FSA and an HSA at the same time. By having both accounts, you can maximize your tax and savings benefits.

What is an HSA?
An HSA is a health care account and savings account in one. The main purpose of this account is to offset the cost of a qualifying high deductible health plan (HDHP) and provide savings for your out-of-pocket eligible health care expenses—those you and your tax dependents may have now, in the future and during your retirement.

Is there a limit to how much I can contribute?
The IRS limits the amount you can put into a limited-purpose FSA each year. The current limit is $2,650. Your employer may set a lower limit.
What expenses are eligible?
Qualified out-of-pocket expenses for dental or vision care provided to you, your spouse or dependents. Typical eligible expenses include:

**Dental:**
- Artificial teeth
- Braces
- Dental plan deductible, coinsurance and copayments
- Dental services like exams, cleanings, fillings and X-rays
- Mouth guards
- Orthodontia services
- Tooth removals

**Vision:**
- Contact lenses and solutions
- Eyeglasses and frames
- LASIK eye surgery
- Vision exams
- Vision plan deductible, coinsurance and copayments

What is the “use-it-or-lose-it” rule?
In most cases, if you don’t spend your FSA dollars by the end of the plan year, you may lose that money. Most people are able to spend the money they set aside. Your employer may give you more time to spend your money (called a “grace period”), or may let you carry money over to next year.

For more information on limited-purpose FSAs and qualified expenses, visit myuhc.com.