PAYCHEX
HR Services

# Changing Common Misconceptions about Flexible Spending Accounts (FSAs)

The following common employee reasons for not enrolling in an FSA can often be addressed with a simple, clear, and accurate response:

**Objection: "I can't afford another deduction from my paycheck."**
Response: When you contribute to a Flexible Spending Account, funds are deducted from your paycheck before most taxes are computed. This reduces your taxable income and may actually increase your take-home pay.

Most employees see a 30% savings (related to federal, state, and local taxes) on expenses they were already paying for out-of-pocket. As an example, if you contribute $1,500 annually into your FSA, you could save up to $450 a year.

**Objection: "I already have health insurance."**
Response: The FSA is not a separate insurance plan. It's a supplement to your medical plan that allows you to set aside pretax money from your paycheck to pay for deductibles, co-pays, and other expenses not covered by your medical plan.

**Objection: "I'm afraid I won't use all the money in my account by the end of the year."**
Response: The FSA plan is a great benefit if you plan ahead. It's not difficult to make a solid estimate of the expenses you'll incur and can pay through the FSA without any funds left over. Look at your annual out-of-pocket expenditures from the last two or three years, then put 75% of that amount into your FSA.

The minimum amount you can contribute is $5 per pay period. If you're still hesitant, start small for the first year. You'll be surprised at how quickly your eligible expenses add up.

**Objection: "I hear FSAs are going away."**
Response: Patient Protection and Affordable Care Act (commonly known as health care reform) made some small changes to the requirements for submitting claims, but FSAs are still very much an important part of your health offering.