

TAX SAVINGS

Whether you are an individual, part of a dual-income household or a couple with one working spouse, a Flexible Spending Account will provide you with additional benefits and more take-home pay.

INDIVIDUAL

In the illustration below, the single employee earns \$30,000. She uses the flex plan to pay for her health insurance co-payments, deductibles and vision expenses. By using a flex plan, she increases her take-home pay by \$456. That is additional take-home pay she can use for herself!

COUPLE – ONE WORKING SPOUSE

With grown children and only one spouse working, this couple has no child-care expenses. The annual salary of the working spouse is \$54,000. They use the flex plan to meet their health insurance deductibles and to pay dental care expenses. The flex plan increases the spouse's take-home pay by \$27 per month, or \$324 for the year – a nice raise for the family budget!

WORKING COUPLE WITH DEPENDENTS

This husband and wife both work. They have two children. He makes \$30,000 and she earns \$42,000 per year. They use the flex plan to help pay for orthodontia and child care for their younger child. The chart shows that this couple increases their monthly take-home by \$180 a month or \$2,160 total this year. That gives them additional money for the emergency expenses every family has and allows them to set some money aside to fund an additional retirement plan.

Monthly Expenses	Individual		Working Couple With Dependents**		Couple- One Working Spouse***	
	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA	WITHOUT FSA	WITH FSA
Gross Monthly Income	\$2,500	\$2,500	\$6,000	\$6,000	\$4,500	\$4,500
Less Non-Deductible Benefits						
Medical/Dental Expenses		\$150		\$300		\$200
Child Care Expenses				\$400		
Total Monthly Income Subject to Tax	\$2,500	\$2,350	\$6,000	\$5,300	\$4,500	\$4,300
Monthly Federal & State Taxes*	\$250	\$223	\$336	\$210	\$140	\$128
Monthly Social Security & Medicare Taxes	\$191	\$180	\$459	\$405	\$344	\$329
After Tax Income	\$2,059	\$1,947	\$5,205	\$4,685	\$4,016	\$3,843
After Tax Expenses						
Medical/Dental Expenses	\$150		\$300		\$200	
Child Care Expenses			\$400			
Monthly Spendable Income	\$1,909	\$1,947	\$4,505	\$4,685	\$3,816	\$3,843
Annual Increase in Take-Home Pay		\$456		\$2,160		\$324

*Federal and state taxes reflect 2020 federal tax rates and typical state taxes with standard deductions and exemptions.

**Working couple assumes married filing jointly, with two children under age 13 for which eligible child care expenses are incurred.

***Couple with one working spouse assumes married filing jointly, with two children under age 13 with no eligible child care expenses incurred.