

## Plan Today for Tomorrow's Costs

With rising medical costs, you may be looking for options to help manage out-of-pocket medical expenses.

One option is a Healthcare Flexible Spending Account (HCFSAs). HCFSAs allow you to set aside tax-free money for eligible medical costs like doctor visits, prescription drugs, prescription contact lenses, and dental procedures. Additionally, the entire amount you choose to contribute will be available to you at the beginning of your plan year.

### Savings Example

In the example to the right, Jane makes \$4,000 per month. Participating in an HCFSAs by contributing \$200 each month, she would save \$55.30 a month.

That's a savings of \$664 a year.

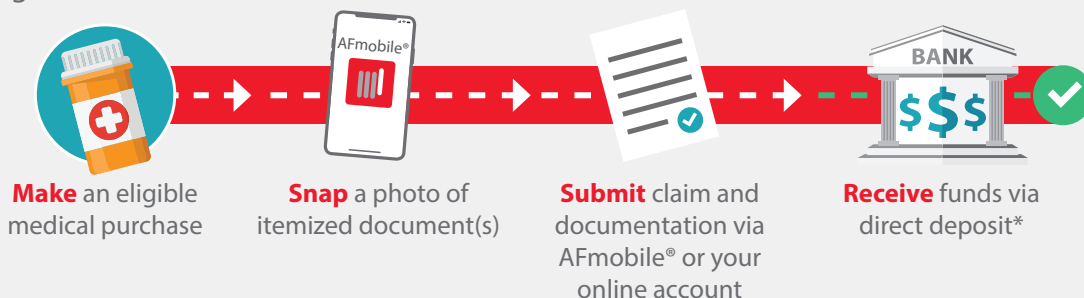
To calculate your possible savings, visit: [americanfidelity.com/s125-calculator](http://americanfidelity.com/s125-calculator)

Earnings & Taxes	Without FSA	With FSA
Gross Pay	\$4,000	\$4,000
Health Insurance	-\$200	-\$200
HCFSAs Contribution	N/A	-\$200
<b>Taxable Income</b>	<b>\$3,800</b>	<b>\$3,600</b>
Estimated Taxes (Federal & State @ 20%)	-\$760	-\$720
Estimated FICA (7.65%)	-\$290.70	-\$275.40
Out-of-Pocket Medical Expenses	-\$200	N/A
<b>Take Home Pay</b>	<b>\$2,549.30</b>	<b>\$2,604.60</b>

Example is for illustrative purposes only. Please consult your tax advisor for actual tax savings.

### How It Works

#### Paying Out of Pocket



#### Paying with Your Benefits Debit Card\*\*



[americanfidelity.com/fileclaim](http://americanfidelity.com/fileclaim)

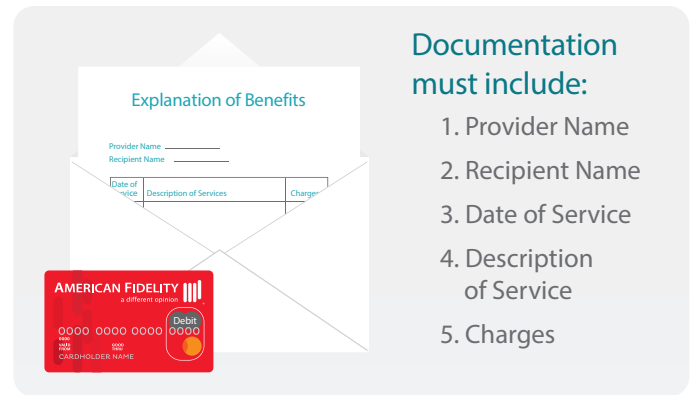
\* Funds deposit within 3-5 business days after claim approval.  
 \*\* If your employer has elected to provide a Benefits Debit Card, you may use this card to pay for eligible medical expenses or pay out of pocket and file a claim for reimbursement.

## Using Your Benefits Debit Card

A Benefits Debit Card allows you to pay for eligible medical expenses using the funds in your HCFA. The card may be used at locations that accept Mastercard® and have been identified as authorized medical merchants.

If you receive a documentation request letter, submit a picture of your itemized document or Explanation of Benefits (EOB) through your online account at [americanfidelity.com/submit-fsa](https://americanfidelity.com/submit-fsa) or through our mobile app, AFmobile®.

Learn more about your debit card at: [americanfidelity.com/debit-card](https://americanfidelity.com/debit-card)



### Documentation must include:

1. Provider Name
2. Recipient Name
3. Date of Service
4. Description of Service
5. Charges

## Internal Revenue Code (IRC) Requirements: What You Need to Know

IRC guidelines are strict when tax breaks are provided. As your plan provider, we are required to follow IRC rules.



### First, the money you set aside operates under a “use or lose” system.

That means you’ll want to use all of your funds before the next plan year, or you will lose whatever amount is left.

Ask if your employer’s plan includes a Runoff Period, Carryover Provision, or Grace Period.

- **Runoff Period**  
A period typically up to three months after the plan year ends when you can submit a claim for eligible expenses incurred during the previous plan year that have not already been submitted for reimbursement.
- **Carryover Provision**  
For 2026, this provision allows you to carry over up to \$680 of unused contributions from one plan year to the next.
- **Grace Period**  
An additional two and a half months following the end of the plan year, during which you can incur eligible expenses and submit claims to receive reimbursement.



### Second, the IRC requires proof for eligible expenses.

An itemized document or EOB must be submitted to prove eligibility for medical expenses when they aren’t verified when filing a claim or at the time of debit card swipe. Submitting documentation through AFmobile is the easiest way to validate a claim.

## Spend Smart & Save on Eligible Medical Expenses

Copays/Co-insurance  
Physical exams  
Prenatal care

Prescription contacts  
Asthma treatments  
Laser eye surgery

Chiropractic care  
Eye exams/eyeglasses  
Physical therapy

Deductibles  
Over-the-counter medicine  
Menstrual products

Discover more ways to spend at [americanfidelity.com/eligible-expenses](https://americanfidelity.com/eligible-expenses)



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