



2026 FLEXIBLE SPENDING ACCOUNT GUIDE



FLEXIBLE SPENDING ACCOUNT (FSA)

Maximize Your Take-home Income with an FSA

Your flexible spending account (FSA) allows you to pay for qualified expenses such as healthcare and dependent care with pre-tax dollars.

Since taxes are not deducted from your FSA payroll contributions, you'll pay less in federal, state, and FICA taxes—which means more take-home pay!

This guide provides the information you need to help you maximize your healthcare and dependent care benefits.

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FLEXIBLE SPENDING ACCOUNT (FSA)

What is an FSA?

A flexible spending account (FSA) is a type of saving account that provides specific tax advantages. Like an HSA or an HRA, an FSA allows you to contribute a portion of your regular earnings to pay for qualified out-of-pocket medical expenses. Unlike the HSA and HRA, our FSA is entirely employee funded. FSAs are also different in that you must use the funds in your account, or they are subject to forfeiture.

Some FSAs require funds to be used by the end of the tax year.

Our plan offers a grace period of 2.5 months in which you can incur expenses that can be reimbursed from the prior plan year account(s). If you have not used the prior plan year's funds by the end of the grace period, remaining funds are forfeited.

See the [FSA Plan Document](#) on BambooHR for details about the grace period.

Our FSA offers three different components.

General Purpose FSA

The traditional, general purpose health FSA allows you to be reimbursed for eligible medical, prescription, dental and vision care expenses incurred during the plan year.

The maximum amount you can defer to the general purpose FSA is \$3,400 per year for 2026.

Employees who participate in the HSA (or whose spouse has an HSA through their employer) are not eligible to participate in the general-purpose FSA. However, employees who participate in the HRA can also participate in the general-purpose FSA

Below is a summary of qualified medical expenses. (This is just a summary. For a complete list of all eligible expenses, please refer to [IRS Publication 502](#).)

Eligible Medical Expenses		
Ambulance	Deductibles	Physician Fees
Braces	Dental Expenses	Prescription Drugs
Chemical Dependency	Diagnostic/Lab Fees	Smoking Cessation
Treatment Chiropractors	Eyeglasses	Programs Transplants
Coinurance	Eye Surgery	Weight Loss Programs
Copays	Hearing Aid	
Contact Lenses	Hospital Services	

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Ineligible Medical Expenses

Cosmetic Surgery

Deoderant

Electrolysis Hair Removal

Health Club Dues

Medicated Shampoo &

Soap Mouthwash

Multivitamins

Teeth Whitening

Tissues

Toiletries

Limited Purpose FSA

The limited purpose health FSA allows you to only be reimbursed for dental and vision care expenses incurred during the plan year. The limited-purpose FSA covers qualified out-of-pocket expenses for dental and/or vision care for you, your spouse or dependents.

Typical eligible expenses include dental cleanings, fillings, crowns, orthodontics, contact lenses, eyeglasses, eye exams and vision correction procedures.

Unlike a general purpose FSA, it can be used in conjunction with an HSA. Participating in both the HSA and LPFSA plans allows you to maximize your savings and tax benefit.

The maximum amount you can defer to the limited-purpose FSA is \$3,400 per year for 2026.

It's important to note that expenses reimbursed under the limited-purpose FSA cannot be reimbursed under any other plan or program, including the HSA. Also, expenses reimbursed under any FSA may not be deducted when you file your tax return.

Dependent Care Arrangement FSA (DCAP)

Our FSA offers a dependent care component, which allows employees to defer specific amounts from their paychecks each pay period and pre-tax to pay for eligible childcare expenses.

Unlike the general and limited purpose FSAs, the DCAP requires that you pay childcare expenses out-of-pocket and then apply for reimbursement.

The maximum amount you can defer to the DCAP per year is \$3,750 for an individual and \$7,500 for families filing jointly.

It's important to note that if you participate in the DCAP, you will not be eligible to claim the dependent care tax credit for the applicable tax year.

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Who is eligible to participate in the FSA?

Below is a chart to help visualize who is eligible to participate in the different types of flexible spending accounts offered by Homes for Good.

DEDUCTIBLE REIMBURSEMENT METHOD	GENERAL PURPOSE FSA	LIMITED PURPOSE FSA	DCAP
KAISER	✓	✗	✓
REGENCE w/HSA	✗	✓	✓
REGENCE w/HRA	✓	✗	✓
REGENCE w/CASH	✓*	✗	✓

* If you receive your deductible reimbursement via taxable wages and are interested in a tax advantage account to pay for medical expenses, you should consider switching your deductible reimbursement method to the HRA before considering a general purpose FSA.

Pros & Cons of the FSA

It's important to understand the implications of participating in the FSA.

FSAs can give you a tax break, but you risk losing the money you defer if you don't use it, as FSAs have a use-it-or-lose-it provision.

Unlike an HSA, FSAs only allow mid-year changes under limited circumstances:

- An event that changes your legal marital status including marriage, death of a spouse, legal separation or annulment.
- An event that changes the number of your dependents, including birth, adoption or death of a dependent.
- An employment status change for you or your spouse that changes your eligibility to participate in the FSA.

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You cannot change your FSA deferral mid-year in the absence of a qualifying event.

For example, if you elect to defer \$100 per paycheck to the FSA, you cannot increase or decrease that amount mid-year unless you experience a consistent qualifying event like a change in marital or family status.

Absent a qualifying event; you would have to wait until next year's open enrollment to change your election.

See the [FSA Summary Plan Document](#) for more information about mid-year changes.

How do I use my FSA?

For the Healthcare FSA, you will receive a benefits card; a debit card that can be used at any health-related business that uses MasterCard. All you need to do is charge the purchase to this card, verify that the receipt contains the required information, and save the receipt.

You can also apply for reimbursement online or by mail or fax.

Dependent care FSA claims are processed for reimbursement online, by mail or fax or by setting up a recurring expense reimbursement.

What's next?

You will receive a form in BambooHR giving you the option to waive the FSA or elect to enroll.

If you elect to enroll in the FSA, some additional paperwork will be required ([Flexible Spending Account Enrollment Application](#)).

Completion of the election form and the FSA application will need to be submitted by November 26, 2025 to be processed for the 2026 plan year.

FSA ANNUAL CONTRIBUTION WORKSHEET

The worksheet below will help you estimate your healthcare FSA and dependent care FSA contribution amount(s).

Your healthcare FSA annual contribution maximum is \$3,400. For dependent care FSA, your annual contribution maximum is \$7,500 per family (if you are a head of household or married and file a joint tax return) or \$3,750 (if you are married and file a separate tax return).

Healthcare FSA

Annual Medical Expenses:

Deductibles, coinsurance and copayments \$ _____
Routine physical exams \$ _____
Well-baby care \$ _____
Prescription drugs \$ _____
Other eligible expenses \$ _____

Dental Expenses (such as):

Fillings, crowns, bridges and extrative per plan's limits \$ _____

Vision Care Expenses (such as):

Exams \$ _____
Eyeglasses & contact lenses \$ _____

Other estimated health related expenses that may exceed your plan limits

Outpatient psychiatric care Therapy \$ _____

Estimated Healthcare FSA Contribution

This is the estimated amount you may want to contribute to your healthcare FSA. This amount cannot exceed the annual Healthcare FSA maximum amount of \$3,400 per year. \$ _____
divided by 12 months

Your monthly pre-tax Healthcare FSA contribution \$ _____

Dependent Care FSA

Annual Dependent Care Expenses:

Daycare center(s) for child care \$ _____
In home care for child care \$ _____
Nursery & Pre-school \$ _____
Before/after school care \$ _____
Au pair services \$ _____
Summer day camps \$ _____
Daycare center(s) for elder care \$ _____
In home care for elder care \$ _____

Estimated Dependent Care FSA Contribution

This is the estimated amount you may want to contribute to your dependent care FSA. This amount cannot exceed the annual dependent care FSA maximum amount of \$5,000 per year. \$ _____
divided by 12 months

Your monthly pre-tax Healthcare FSA contribution \$ _____

IMPORTANT LINKS

More information about your options

[IRS Publication 969 HSAs and other Tax-Favored Health](#)

[Plans IRS Publication 502 Medical & Dental Expenses](#)

[IRS Publication 503 Child & Dependent Care Expenses](#)

[Investopedia Article about FSAs](#)

Account Management

[PacificSource FSA FAQs](#)

BambooHR Files

[2026 Flexible Spending Account Plan Document](#)

[2026 Flexible Spending Account Summary Plan Description](#)

[FSA Enrollment Application](#)