

HSA & FSA TAX BENEFITS

Sign up for a pay increase!

The following example illustrates how the payment of after-tax expenses on a pre-tax basis creates a pay raise for the employee. Example assumes a Single taxpayer.

	With HSA and/or FSA Enrollment	Without HSA and/or FSA Enrollment
Annual Gross Salary	\$24,000	\$24,000
Healthcare Expenses Paid with Pre-Tax Dollars (Deferred into HSA or FSA)	- \$700	n/a
Dependent Care Expenses Paid with Pre-Tax Dollars (Deferred into FSA)	- \$1,800	n/a
TAXABLE INCOME	= \$21,500	= \$24,000
Taxes Paid: (approx. 30.05%)		
Federal Tax (18.5% blended)*	- \$3,978	- \$4,440
FICA (7.65%)	- \$1,645	- \$1,836
State Tax (3.9%)	- \$839	- \$936
AFTER-TAX INCOME	= \$15,038	= \$16,788
Healthcare Expenses Paid with After Tax Dollars	n/a	- \$1,800
Dependent Care Expenses Paid with After Tax Dollars	n/a	- \$700
SPENDABLE INCOME	= \$15,038	= \$14,288
NET PAY RAISE (for one year)	\$750	

* Based on income level.

Worksheets for estimating your own savings under a FSA plan for healthcare and dependent care expenses can be found online at www.mytakecare.com.