

Talking to Service Members About **FLEXIBLE SPENDING ACCOUNTS**

Flexible Spending Accounts (FSAs) are a new and optional benefit that help Service members save money while paying for dependent care and health care expenses.

FSAs allow Service members to set aside a portion of their pay, before taxes are deducted, to pay for eligible child care and health care costs.



HOW DOES IT HELP?

Service members can lower their tax liability (how much of their total earnings is subject to taxes) because funds are taken from their pay before taxes are deducted. This reduces the amount of their income that is subject to taxes.

For example, a Service member who makes \$45,000 per year sets aside \$5,000 in a DCFSA. Thus, only \$40,000 of their income will be subject to taxes.



DEPENDENT CARE FSA (DCFSA)

- Covers child and adult care for tax dependents
- Set aside \$100 - \$5,000
- Pay for day care, preschool, Child Development Center fees, summer day camp, elder care, and more



HEALTH CARE FSA (HCFSA)

- Covers Service member and family health care costs
- Set aside \$100 - \$3,300*
- Pay for medical (co-pays, cost-shares, deductibles), vision (glasses, contacts), dental (braces), and drug store (medicine, bandages, sunscreen) costs

*Contributions are subject to IRS limits, which can vary by tax year. Listed numbers are current as of 2025.

HOW DOES IT WORK?

1. Service member enrolls at **FSAFEDS.gov** and chooses how much to contribute each month into their FSA(s).
2. Service member pays for eligible health or dependent care expenses and saves receipts.
3. Service member files a claim for reimbursement by submitting their receipt online or through the FSAFEDS app.
4. Service member is reimbursed by direct deposit to their designated bank account.

WHO IS ELIGIBLE?

Service members in the...

- Regular (active) component
- Reserve component performing Active Guard Reserve (AGR) duty
- National Guard performing Active Guard Reserve (AGR) duty
- U.S. Coast Guard Reserve, including Reserve Component Managers, when performing active duty for more than 180 days

HOW TO START THE CONVERSATION...

- How much do you spend per month on child care?
- Do you have health care or health care-related costs? Have you heard about how an FSA can help with these costs?
- Do you know how tax benefits may save you money on necessary expenses over time?
- Do you have a financial plan to account for child and health care costs?

RESOURCES

LEARN MORE: [FINRED.USALEARNING.GOV/FS](https://finred.usalearning.gov/fsa)

ESTIMATE TAX SAVINGS:

[FSAFEDS.GOV/SUPPORT/SAVINGS CALCULATORS](https://fsafeds.gov/support/savingscalculators)

MAKE A PLAN WITH A FINANCIAL COUNSELOR:

[FINRED.USALEARNING.GOV/PFCMAP](https://finred.usalearning.gov/pfcmap)

ENROLL: [FSAFEDS.GOV/ENROLL](https://fsafeds.gov/enroll)

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SHEETS & MORE...

