

Save on Orthodontia With Your Flexible Spending Account

Send Chard Snyder a copy of your orthodontia contract and your Flexible Spending Account can help you save 25 to 40% by using tax-free dollars.

You may use your Flexible Spending Account along with orthodontia insurance to lower your actual out-of-pocket costs even more. If you use your Benny® prepaid benefits card to pay up front, you will keep your cash in your pocket and you may be able to negotiate with your orthodontist for a lower cost.

Orthodontia Claims are Handled Differently Than Other Healthcare Flexible Spending Account Claims

Orthodontia expenses are the only approved Flexible Spending Account claims that may be paid as long as you are making payments. Be aware that many factors will impact your orthodontia cost, how much you will save through your Flexible Spending Account and how you are reimbursed. Following are three examples of how different factors impact results.



Example 1—Orthodontia Contract, Paying With Benny

Thomas does not have orthodontia insurance. The cost of his daughter's treatment is \$5,000 over 24 months. He has a Flexible Spending Account with an annual maximum contribution of \$2,500. He knows that he can be reimbursed through his Flexible Spending Account for payments during the period of treatment. His payment contract with the orthodontist is set up to use his FSA over three years:

	Thomas' Payments	FSA Tax savings*
Year One		
Treatment starts in the seventh month of the Flexible Spending Account plan year. Thomas makes a down payment using his Benny	\$800.00	
Benny is used for five monthly payments of \$175 each	\$875.00	
<i>Total payments for Year One</i>	\$1,675.00	\$503.34
Year Two		
12 monthly Benny payments of \$175 each	\$2,100.00	\$631.05
Year Three		
Seven monthly Benny payments of \$175 each	\$1,225.00	\$368.11
<i>Totals over three-year period</i>	\$5,000.00	\$1,502.50

By saving \$1,502.50 in taxes, Thomas has effectively lowered the cost of his daughter's treatment to **\$3,497.50** from **\$5,000.00**.

Email questions to askpenny@chard-snyder.com



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Example 2—No Orthodontia Insurance, Negotiated Savings

Chandra does not have orthodontia insurance and decided to pay the entire amount at the beginning of her \$5,000 treatment because she received a 10% discount from her orthodontist for doing so. She may be reimbursed up to the amount she elected to put into her Flexible Spending Account for the current plan year (\$2,500). Because Chandra paid the full amount in one plan year, she may not receive reimbursement for the balance in the next plan year even though treatment continues.

Total cost after discount	Insurance claim	Out-of-pocket expense	FSA Reimbursement	Non-reimbursable expense	Tax savings for year*
\$4,500	\$0	\$4,500	\$2,500	\$2,000	\$751.25

Example 3—Orthodontia Insurance and Flexible Spending Account

Sharon has orthodontia insurance which pays 50% of costs up to a lifetime maximum benefit of \$1,000. The cost of her son's treatment is \$5,000 over a two-year term. She has a Flexible Spending Account with an annual maximum contribution of \$2,500.

After considering her options, Sharon decides on the following course:

Year One	Insurance	Sharon
Down payment of 25% (\$1,250.00) split between insurance and Sharon	\$625.00	\$625.00
Four installments of \$156.25 per month split between insurance and Sharon	\$78.13	\$78.12
Insurance lifetime max is met on the fifth monthly payment	\$62.48	\$93.77
Sharon makes seven payments of \$156.25		\$1,093.75
Total Payments for Year One	\$1,000.00	\$2,125.00
Year Two		
Sharon makes 12 monthly payments of \$156.25	\$0	\$1,875.00
Totals paid over two-year period	\$1,000.00	\$4,000.00

Sharon is reimbursed \$1,000 by her orthodontia insurance. In addition, she is reimbursed through her healthcare Flexible Spending Account for the entire \$4,000 she paid in out-of-pocket expenses, which gives her a total tax savings of \$1,202*. Through insurance and tax savings, her total cost for Bobby's braces has been lowered to **\$2,798.00** from **\$5,000.00**.



Do you have an HSA?
You may still use a Limited Flexible Spending Account for dental and orthodontia

Your plan year is explained in your enrollment materials. Choose your contribution amount carefully. Once you are enrolled you cannot change it unless you change daycare providers, you have or adopt a child, or your child turns 13. Divorced parents should check our website for special rules. Your tax advisor can discuss how you might use this benefit with the child tax credit. Federal regulations may change plan features without notice at any time. Expense examples may not be reimbursable under your specific plan or restrictions may apply. The information contained in this publication is not, nor is it intended to be, legal or tax advice. © 2016 Chard, Snyder & Associates, Inc. All rights reserved.



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