

➤ FSA Medical, Dependent Care & HSAs

Contribution limits & IRS regulations

The IRS sets the maximum dollar amount you can elect and contribute to a medical FSA, a dependent care FSA, and an HSA. The 2026 annual contribution limit is:

Medical FSA - \$3,400

Dependent Care FSA - \$7,500 per family or \$3,750 if filing separately

Health Savings Accounts - \$4,400 Individual or \$8,750 family + \$1,000 55 years or older catch-up

Medical FSA

A Medical FSA is a great way to stretch your benefit dollars. You use before-tax dollars in your FSA for eligible out-of-pocket medical expenses. That means you can enjoy tax savings and increased take-home pay with the convenience of a prepaid benefits card. Additionally, you can roll over \$680 from one year to the next, reducing your risk of losing dollars at the end of the plan year.

Dependent care FSA

The dependent care FSA lets you pay for eligible dependent care expenses while you reap the benefits of additional tax savings. You're spending the money either way. This way, eligible childcare and other dependent care costs are a little less. The DCAP allows you to use the funds in your account as you contribute to the dependent care FSA from your paycheck. After each payroll contribution has been made, those funds are applied to your account and available for reimbursement.

Health Savings Accounts

The HSA is unique because it allows you to save on taxes in three ways. The money you contribute, your earnings from investments, and withdrawals for eligible expenses are all tax-free, making it a powerful savings and retirement tool. HSA funds are available to spend, save, or invest after they've been deducted from your paycheck and contributed to your HSA. The HSA is your privately owned savings account. Funds roll over from year to year. And if you change employers, your HSA stays with you. There is also no requirement to submit receipts or substantiation for your qualified purchases. You must be enrolled in the Medical HDHP to contribute to the Health Savings Account.

With all these pre-tax account types, you'll receive access to a secure, easy-to-use web portal or mobile APP where you can track your account balance, view your claims history, and submit requests for reimbursements. In addition, you'll receive a convenient CAS benefits card to make it easy to pay for eligible services!

Open Enrollment

During open enrollment, you can elect an FSA, DCAP or HSA and determine how much you want to contribute for the 2026 plan year.

In order to make changes after open enrollment, you need to experience a qualifying life event.

Qualifying life events for any FSA:

- Change in marital status
- Change in the number of dependents
- Increase due to birth, adoption or marriage
- Decrease due to death, divorce or loss of eligibility
- Gain or loss of eligibility due to a change in participant, spouse or dependent employment status

Additional dependent care FSA qualifying life events include:

Change in daycare providers

- Child turning age 13
- Increase or decrease in the cost of qualifying day care expenses
- Judgement, decree or order requiring a change in coverage

No Qualifying Event needed for HSA changes.

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FSA

A flexible spending account (FSA) is a pre-tax benefits plan that lets your employees save on a variety of healthcare expenses, depending on the type of FSA. FSAs are subject to the IRS' use-or-lose rule, meaning all funds must be spent within the plan year or be forfeited to the plan.



Perks for employees

- Their funds are contributed tax-free.
- Their funds are available on the plan year's first day (except with a dependent care FSA).
- They can pair a limited FSA or dependent care FSA with an HSA.

Perks for employers

- Your employees' contributions reduce your payroll taxes.
- You own the account.
- You can choose to offer a grace period or carryover, which can make FSAs more appealing to employees, as they give employees more time to use their funds.

The four most popular types of FSAs

Medical FSA

Covers eligible medical, dental and vision expenses.

Dependent Care FSA

Covers eligible day care expense for children under age 13 or expenses related to care for a disabled spouse or dependent.

Combination Medical FSA

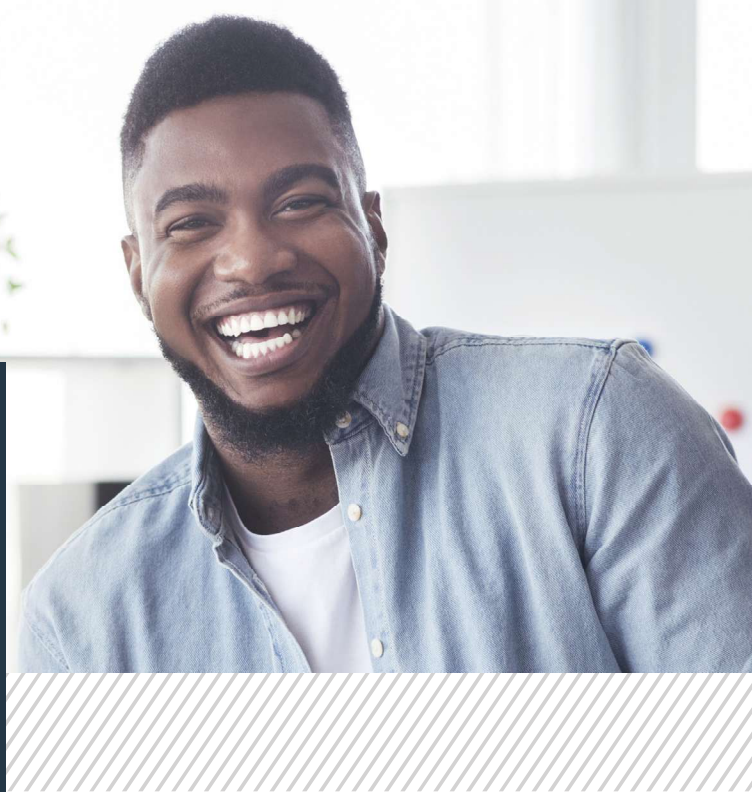
Starts as a limited FSA (covering dental and vision expenses) but can become a medical FSA.

Limited Medical FSA

Covers eligible dental and vision expenses. A limited FSA can be paired with an HSA.

HSA

A health savings account (HSA) is a pre-tax benefits plan that lets your employees save money on eligible medical, dental and vision expenses, including copays, prescriptions and a variety of products. To be eligible for an HSA, an employee must be enrolled in an HSA-eligible health plan.



Perks for employees

- Their funds are contributed tax-free.
- Their funds grow (with interest or through investment) tax-free.
- Their funds can be withdrawn tax-free when used on eligible expenses.
- Their funds carry over from year to year.

Perks for employers

- Your contributions to your employees' HSAs are tax deductible.
- Your employees' contributions reduce your payroll taxes.
- You save on healthcare costs, since high-deductible health plan (HDHP) coverage is more affordable for you.

The benefits of HSA investment



HSA funds can be invested. We offer investment tools and more than 8,500 mutual funds and other investment options.



Funds can be withdrawn at any time tax-free as long as they're used for eligible expenses.



Once they reach age 65, your employees can spend HSA funds on anything without paying a penalty fee.

7 basic rules of an HSA you need to know



Health savings accounts (HSAs) are a powerful tool for managing healthcare expenses. However, understanding the basic rules is key to maximizing their benefits. Here are the seven essential HSA rules you should know:

1. Who is eligible for an HSA?

- Covered by an HSA-eligible high-deductible health plan (HDHP).
- Not covered by another disqualifying health plan (e.g., a spouse's plan or medical FSA).
- Not enrolled in Medicare.
- Not claimed as a dependent on someone else's tax return.

2. What expenses are eligible?

- HSA funds can cover hundreds of eligible expenses, including bandages, first-aid kits, and copays for medical, dental, or vision care.



3. What happens if funds are spent on ineligible expenses?

- **Before age 65:** Ineligible expenses are subject to income tax and a 20% penalty.
- **After age 65:** Only income tax applies; no penalty.

4. How much can a participant contribute?

- Annual HSA contribution limits are set by the IRS.
Check their site to find the latest limits.

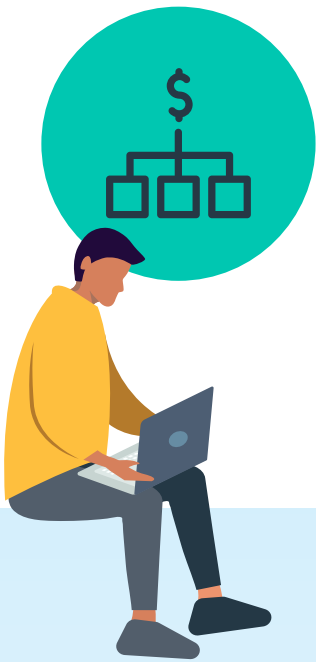


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5. When can participants invest HSA funds?

- If an individual is participating in an HSA through their employer, the employer generally determines what a participant's balance must be before they can invest their funds. That balance amount is referred to as the investment threshold.
- If an individual participates in an individual HSA, then the investment threshold is set by the HSA administrator. They can refer to their account rules to learn their HSA's investment threshold.

6. Do all funds carry over?

- Yes! HSA funds roll over year after year, making them a smart choice for both short-term medical expenses and long-term retirement planning.

7. Can participants change their contribution amount?

- Yes, they can adjust their HSA contribution anytime during the plan year.



Need assistance? **Ask the experts!**

If you have additional questions or need support, contact our Customer Service team:



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> Dependent Care FSA

Why should I choose a dependent care FSA?

A dependent care FSA allows you to contribute up to \$7500 of your paycheck before taxes for eligible dependent care expenses each year.



Save money

The dependent care FSA lets you pay for eligible dependent care expenses while you reap the benefits of additional tax savings. You're spending the money either way. This way, eligible childcare and other dependent care costs are a little less.



Save strategically

Submit all of your dependent care expenses at the end of the plan year for one lump sum reimbursement to give yourself a hard-earned "bonus".



Fast Fact

For recurring costs, submit our Recurring Dependent Care Form. It makes claim filing simple because you only need to submit a claim form once per year in order to get reimbursed each pay period.

What does it cover?

The list includes, but is not limited to, eligible:

- Daycares, Pre-K programs, babysitters, nannies (birth through age 12)
- Summer Day Camps
- Before or after School care
- Disabled dependent and/or spouse care
- Elder Care

\$7,500 per year (30% tax Bracket)



Can I enroll?

You are eligible if you and/or your spouse (if applicable) are gainfully employed, looking for work, or are attending school on a full-time basis.

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Consolidated Admin Services – CAS connects you with the details!

CAS is pleased to provide you with tools to assist in quick access to benefit account information.

- CAS Consumer Portal - This one-stop portal gives you 24/7 access to view information and manage your accounts.
- CAS mobile app allows you to manage your accounts from the palm of your hand, anytime anywhere.

Below are instructions & steps on how to access your Benefit Accounts online

1. Visit www.consolidatedadmin.com
2. Hover over the “Logins” link at the top of the webpage
3. Click on “Participant/Employee Login”, which takes you here:
<https://consolidatedadmin.lh1ondemand.com/Login.aspx?ReturnUrl=%2f>

We also have an APP!

Once you have created a username and password through our web portal you can download our CAS APP through the APP store or Google Play for easy access to your account information.

- 1: Search your app store for “Consolidated Admin Services”
- 2: Install the app
- 3: Log in with your web login username and password
- 4: Access your account anywhere, anytime!

Mobile Wallet Now Available

It’s easier than ever to use your benefits by adding your CAS debit card to your Apple Wallet, Google Wallet, or Samsung Pay. Apple users can also take advantage of digital provisioning, allowing access to the card before it even arrives by mail.

Get started with The CAS Mobile App in minutes.



The CAS Mobile App is compatible with iOS devices (iPhone, iPod Touch, iPad) and Android-powered devices.

We look forward to working with you & administering your benefit accounts.

If you have any questions, don’t hesitate to email info@consolidatedadmin.com or call 1-877-941-5956 and our dedicated team will be there to help you!

Dependent Care Flexible Spending Account

Why should I choose a Dependent Care Flexible Spending Account (FSA)?

A Dependent Care FSA is a benefit that allows you to choose how much of your paycheck you'd like to set aside, before taxes are taken out, for eligible dependent care expenses each year. The Dependent Care FSA lets you pay for eligible dependent care expenses while you reap the benefits of additional tax savings. You're spending the money either way. This way, eligible childcare and other dependent care costs are a little less. *

**Savings chart based on a 30% tax bracket.*

The IRS sets the maximum dollar amount you can elect and contribute to a Dependent Care FSA. The annual contribution limit is:

Per household - **\$7,500** (married and filing jointly or single parent); per person (if married or filing separately) - **\$3,750**

Funds available as you contribute. Funds will be available to you as they're deducted from your paycheck and contributed to the plan. This means when payroll is processed and your paycheck is available to you, your Dependent Care FSA contributions will be applied to your account and available for reimbursement.

Use-or-lose. Don't forget to spend your FSA dollars. If you have not used all of your FSA dollars before the end of the plan year, you will forfeit any money left in your account. Check with your employer to confirm how many days you have to submit claims for reimbursement after the plan year ends.

Changing your Dependent Care FSA election. In order to make changes to your election after open enrollment, you need to experience a qualifying life event, such as:

- Change in marital status
- Change in the number of dependents
Increase due to birth, adoption or marriage
- Decrease due to death, divorce or loss of eligibility
- Gain or loss of eligibility due to a change in participant, spouse or dependent employment status
- Change in daycare providers
- Child turning age 13
- Increase or decrease in the cost of qualifying daycare expenses
- Judgement, decree or order requiring a change in coverage

If you experience a qualifying life event, contact your employer to make changes to your election.

Out-of-Pocket Expenses	Annual Average	Taxes Saved (30% Tax Bracket)
After-School Care	\$4,000	\$1,200
Summer Day Camp	\$1,000	\$300
Total	\$5,000	\$1,500

What does it cover?

The list includes, but is not limited to, eligible:

- Childcare center, babysitter, nanny (birth through age 12)
- Summer day camp
- Before or after-school care
- Disabled dependent and/or spouse care
- Elder care

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Eligible Dependent Care Expenses

Child Care Expenses

Eligible

Activity fees	No
After school program	Yes
Au Pair	Yes
Babysitting (work related, in your home or someone else's home)	Yes
Babysitting (not work related, for other purpose)	No
Babysitting by your relative who is not a tax dependent (work-related)	Yes
Babysitting by your tax dependent (work-related or for other purpose)	No
Before or after school programs	Yes
Child care	Yes
Dance Lessons	No
Dependent care (while you work, to enable you to work, or look for work)	Yes
Educational, learning or study skills services	No
Extended care (supervised program before or after regular school hours)	Yes
Field trips	No
Household services (housekeeper, maid, cook, etc)	No
Housekeeper who cares for child (only portion of payment attributable to work-related child care)	Yes
Kindergarten tuition	No
Language classes	No
Late payment fees	No
Meals, food or snacks	No
Medical care	No
Nanny	Yes
Nursery school	Yes
Payroll taxes related to eligible care	Yes
Piano lessons	No
Pre-school	Yes
Private school tuition (for kindergarten and up)	No
Registration fees (required for eligible care, after actual services are received)	Yes
Registration fees (required for eligible care, prior to actual services received)	No
School tuition	No
Sick child care	Yes

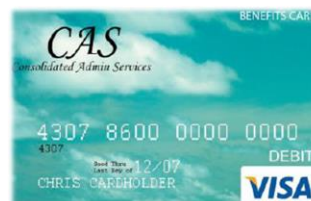
Sleep-away camp	No
Summer day camp	Yes
Total payments (transferred from previous administrator)	Yes
Transportation to and from eligible care (not provided by your care provider)	No
Transportation to and from eligible care (provided by your care provider)	Yes
Tutoring	No

Elder Care Expenses

Eligible

Adult day care center	Yes
Custodial elder care (not work related, for other purpose)	No
Custodial elder care (work-related)	Yes
Day nursing care	No
Elder care (while you work, to enable you to work, or look for work)	Yes
Elder care (in your home or someone else's)	Yes
Medical care	No
Nursing home care	No
Senior day care	Yes
Total payments (transferred from previous administrator)	Yes
Transportation to and from eligible care (not provided by your care provider)	No
Transportation to and from eligible care (provided by your care provider)	Yes

Two ways to pay: Use your CAS debit card to pay your provider or use the claim form to submit your claims for reimbursement.



Healthcare FSA

Per IRS regulations, pretax employee contributions to Health Flexible Savings Accounts (FSAs) contribution limit for 2026 is \$3,400, an increase of \$100 from the 2025 limits. Carryover of unused amounts, increased from \$660 to \$680.

Health FSA	2025	2026
Maximum Annual Contribution Limit	\$3,300	\$3,400
Maximum Carryover Amount	\$660	\$680

Dependent and/or Child Daycare Expenses

The 2026 cafeteria plan daycare contribution limit has been set at \$7,500 for a married couple filing a joint return, or for a single parent filing as "Head of Household." For a married couple filing separate returns, the limit is \$3,750 each.

Dependent Care FSA	2025	2026
Maximum Annual Contribution Limit; married and filing jointly or single parent	\$5,000	\$7,500
Maximum Annual Contribution Limit; married and filing separate	\$2,500	\$3,750

Health Savings Account (HSA)

For calendar year 2026, the annual limitation on deductions for an individual with self-only coverage under a high deductible health plan is \$4,400 and for an individual with family coverage it is \$8,750.

The "high deductible health plan" annual deductible cannot be less than \$1,700 for self-only coverage or \$3,400 for family coverage, and the annual out-of-pocket expenses cannot exceed \$8,500 for self-only coverage or \$17,000 for family coverage.

Health Savings Account	2025	2026
Maximum contribution levels		
Individual coverage	\$4,300	\$4,400
Family coverage	\$8,550	\$8,750
Catch up allowed for those 55 and over	\$1,000	\$1,000
Minimum deductible amounts for the qualifying high deductible health plan (HDHP)		
Individual coverage	\$1,650	\$1,700
Family coverage	\$3,300	\$3,400
Maximums for HDHP out-of-pocket expenses		
Individual coverage	\$8,300	\$8,500
Family coverage	\$16,600	\$17,000

Commuter Accounts

The monthly commuter benefit limits for both mass transit and parking increased by \$15 per month in 2026, for a maximum monthly contribution limit of \$340.

Transit Benefits	2025	2026
Parking - monthly limit	\$325	\$340
Transit and Vanpooling - monthly limit	\$325	\$340

CAS documents allow for automatic IRS FSA limit increases, therefore there is no need for a document amendment. Please email the CAS team if you would like updated enrollment materials with the new IRS limit. If your plan has already re-enrolled or is re-enrolling now you can allow your employees to update their election to the new IRS limit due to this announcement.

You can see all the details on the tax rates and 2026 limits by clicking [Internal Rev. Proc. 2025-32](#) & [Internal Rev. Proc. 2025-19](#)



Flexible Spending Account — Real Savings. Real Simple.

Using a Flexible Spending Account (FSA) is a great way to stretch your benefit dollars. You use before-tax dollars in your FSA to reimburse yourself for eligible out-of-pocket medical and dependent care expenses. That means you can enjoy tax savings and increased take-home pay—all with the convenience of a prepaid benefits card. Plus, you can rollover \$660 from one year to the next, reducing your risk of losing dollars at the end of the plan year.

WHAT IS AN FSA?

With an FSA, you elect to have your annual contribution (up to the \$3,300 limit set by the IRS) deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified. The amount of your pay that goes into an FSA will not count as taxable income, so you will have immediate tax savings. FSA dollars can be used during the plan year to pay for qualified expenses and services.

- A Healthcare FSA allows reimbursement of qualifying out-of-pocket medical expenses.
- A Dependent Care FSA allows reimbursement of dependent care expenses, such as daycare) incurred by eligible dependents.

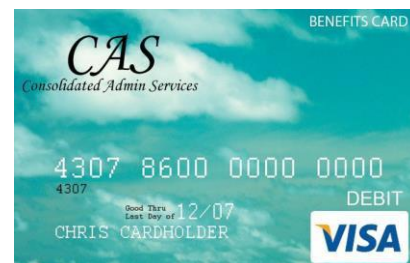
With all FSA account types, you'll receive access to a secure, easy-to-use web portal where you can track your account balance, view your claims history, and submit requests for reimbursements.

In addition, you'll receive a convenient **CAS benefits card** to make it easy to pay for eligible services and products not covered by your health insurance. When you use the card, payments are automatically withdrawn from your account. Just swipe the card and go. Most expenses can be validated through the card transaction, but you may be prompted to provide a copy of the receipt for certain transactions in accordance with IRS regulations. When required, receipts can be easily sent uploaded to either the consumer portal online or, through the mobile app.

WITH AN FSA YOU CAN:

An FSA is a great way to pay for expenses with pre-tax dollars.

- **Enjoy significant tax savings** with pre-tax deductible contributions and tax-free reimbursements for qualified plan expenses
- **Quickly and easily access funds** using the prepaid benefits card at point of sale, or request to have funds directly deposited to your bank account via online or mobile app
- **Reduce filing hassles and paperwork** by using your prepaid benefits card
- **Enjoy secure access** to accounts using a convenient Consumer Portal available 24/7/365
- **Manage your FSA "on the go"** with an easy-to-use mobile app
- **File claims easily online** (when required) and let the system determine approval based on eligibility and availability of funds
- **Stay up to date on balances** and action required with automated email alert and convenient portal and mobile home page messages
- **Get one-click answers** to benefits questions
- **Use it or Roll It Over.** And now up to \$660 of your unused healthcare Flexible Spending Account balance can be carried over into the next plan year instead of you "losing it" - making enrollment in an FSA much less risky. This gives you more flexibility to spend your FSA money when you need it. You can use it for necessary out-of-pocket healthcare expenses, rather than feeling pressured to engage in last minute and potentially unnecessary spending at the end of the year.





Flexible Spending Account — Real Savings. Real Simple.

IS AN FSA RIGHT FOR ME?

An FSA is a great way to pay for expenses with pre-tax dollars.

A Healthcare FSA could save you money if you or your dependents:

- Have out-of-pocket expenses like co-pays, coinsurance, or deductibles for health, prescription, dental or vision plans
- Have a health condition that requires the purchase of prescription medications or over the counter medications on an ongoing basis
- Wear glasses or contact lenses or are planning LASIK surgery
- Need orthodontia care, such as braces, or have dental expenses not covered by your insurance

A Dependent Care FSA provides pre-tax reimbursement of out-of-pocket expenses related to dependent care. This benefit may make sense if you (and your spouse, if married) are working or in school, and:

- Your dependent children under age 12 attend daycare, after-school care, or summer day camp
- You provide care for a person of any age whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself

*The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account; your annual earnings; whether or not you pay Social Security taxes; the number of exemptions and deductions you claim on your tax return; your tax bracket and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.



Above: With the convenience of a mobile device, you can see your available balance anywhere, anytime as well as file claims and upload receipts.

PLAN AHEAD

Before you enroll, you must first decide how much you want to contribute to your account(s). You will want to spend some time estimating your anticipated eligible medical and dependent care expenses for the 2026 calendar year and know that you don't have to worry about losing unused medical funds (up to \$660). (Dependent care funds do not rollover.)

Throughout the year, you'll likely find yourself with expenses for yourself and your family that insurance won't cover. By taking advantage of an FSA, you can actually reduce your taxable income and reduce your out-of-pocket expenses when you use your FSA to pay for the things you'd purchase anyway.

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