



State of Wisconsin
Employee Reimbursement Accounts (ERA)
Program
Fact Sheet 2016

The Employee Reimbursement Accounts (ERA) Program is an optional benefit that allows participants to use pre-tax dollars to pay for certain Internal Revenue Service-approved expenses.

PROGRAM REVIEW

- Authorized by Section 125 of the Internal Revenue Code and created by 1987 Wisconsin Act 399; offered to employees starting January 1990.
- The Department of Employee Trust Funds and the Employee Trust Funds Board (Board) have statutory authority for program administration and oversight.

There are Five ERA Program Benefit Plan Options:

- **Health Care Flexible Spending Account (HCFSA):** used to pay for any eligible out-of-pocket medical expenses not reimbursable by any insurance coverage (e.g. copayments, deductibles, coinsurance, glasses and prescription drugs).
- **Health Care Limited Purpose Flexible Spending Account (LPFSA):** only available to employees who enroll in the High Deductible Health Plan and Health Savings Account. The LPFSA is similar to regular Health Care FSA, but is designed to work in conjunction with the Health Savings Account. It is used to pay for any eligible out-of-pocket medical expenses not reimbursable by any insurance coverage (e.g. copayments, deductibles, coinsurance, glasses and prescription drugs).
- **Dependent Day Care Flexible Spending Account (DCFSA):** used to pay for eligible dependent care expenses to allow the employee and spouse to work, or spouse to attend school full time.
- **Parking Flexible Spending Account:** used to pay for work-related parking expenses.
- **Transit Flexible Spending Account:** used to pay for work-related public transit expenses.

By using pre-tax dollars to pay these types of expenses, employees effectively reduce their taxable gross income which can significantly reduce their state and federal tax liabilities and increase their take-home salaries.

PROGRAM ADMINISTRATION

The Board contracts with a third-party administrator to provide marketing, recordkeeping, payment processing, and other administrative services. Total Administrative Services Corporation (TASC) is under contract through 2016.

ELIGIBILITY

Who is Eligible for the ERA Program?

- Most full-time or part-time classified and unclassified state and university employees are eligible to participate.
- Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin-System, limited term employees (LTEs), student hourlies, per diems and other temporary employees may not participate.

2016 Participation and Program Savings

Benefit Plan Option	Number of Participants	Amount Contributed	Estimated Employee Savings*	Estimated Employer FICA Savings
Health Care FSA	15,479	\$20,990,369	\$6,297,110	\$1,605,763
Health Care Limited Purpose FSA	139	\$128,428	\$38,528	\$9,824
Dependent Day Care FSA	2,979	\$12,199,761	\$3,659,928	\$933,281
Parking FSA	1,354	\$1,417,430	\$425,229	\$108,433
Transit FSA	330	\$191,589	\$57,476	\$14,656
TOTAL	20,281	\$34,927,577	\$10,478,271	\$2,671,957

*Employee tax savings estimates are based on a 30% total tax rate (federal, state, and FICA combined). Individual taxes will vary.