Creating the Budget, Exercise 9,* FSA *(Chapter 6)

If you have the ability to use the FSA in conjunction for when your employer offers this (usually at the beginning of the calendar) you need to create a spreadsheet to estimate the costs and factor them into your paycheck. ***(If this isn't applicable now you can skip this step)*** In the example below the estimated $1,078 or approximately $90 a month in the so this will give you the gauge of what you need from the FSA.

Item	Frequency	Amount	Yearly Cost
Office Copays	12	$30	$360
Deductibles	1	$200	$200
Prescriptions	12	$13	$158
Contacts	12	$40	$480

You will need a recent check stub to see the taxes coming out to estimate the new take home paycheck. Remember this is a pretax item. Be sure to calculate the percentage of what each taxed vehicle is removing from your check: Medicare is 1.25% and FICA (Social Security is 6.2%) You will need to account for any state or city tax as well Federal: look at the paystub and subtract all pretax items listed to generate the subtotal. Then find taxable items and divide the subtotal into them to generate the taxed percentage.

In the paycheck below the gross earnings are $3,177 less $100 for 401(k) leave $3,077 in taxable income. So for example the Federal tax rate is 7.77% ($239.23 / $3,077). Now you will be able to adjust your take home paycheck. Note, that while the pretax income will lower overall income it will also provide more money in your overall disposable income.

Sample Paycheck

EMPLOYEE PAYCHECK

EMPLOYEE NO.	EMPLOYEE NAME	SOCIAL SECURITY NO.	PERIOD BEGIN	PERIOD END	CHECK DATE
	Jasper Jamison	123-45-6789	12-23-2012	1-6-2016	1-11-2016

EARNINGS	HOURS	RATE	CURRENT AMOUNT	WITHHOLDING/DEDUCTIONS	CURRENT AMOUNT $3077	YEAR TO DATE $3077
REGULAR PAY	80	| Salary	$2,408	MEDIC ARE	$44.61	$44.61
				SOCIAL SECURITY / FICA	$190.77	$190.77
				FEDERAL TAX	$239.23	$239.23
				STATE TAX	$276.93	$276.93
				PRETAX		
				401(k)	$100	$100

CURRENT AMOUNT	CURRENT DEDUCTIONS			NET PAY	YTD EARNINGS	YTD DEDUCTIONS	YTD NET PAY	CHECK NO.
				$2,408	$3177	$750.84	$2,408	12345