FSA – $500 Carryover

Great news! Your Flexible Spending Account (FSA) plan includes a $500 carryover option.

What does it mean for you?

The IRS decided to make the FSA program a whole lot better. They've done away with the "Use-or-Lose" rule, so you no longer risk losing your FSA dollars at the end of the year, or scramble to spend your remaining funds.

How does it work?

With the new $500 option, you can now carryover up to $500 of your unused FSA funds at the end of each plan year. Don't panic, there's no catch. You can still use your flex dollars to pay for eligible medical expenses.

Carryover funds will be applied to your account after the claims run-out period, which is typically 90 days after your plan year ends. For example, if your plan ends December 31, the carryover would be applied to your account April 1. Please review your Summary Plan Document to verify if your plan includes the run-out period.

Still unsure?

Don't be. FSAs are a great way to stretch your benefit dollars and increase your overall spendable income. The money you put into an FSA is not taxed, so assuming you pay a combined 40% state and federal tax rate, you're saving 40% off healthcare expenses funded through the account.

If you choose not to participate in the FSA program because of the "Use-or-Lose" mandate, it's time to take another look.

Questions? Let's talk.
877.933.3539

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