

Understanding Your \$500 FSA Carryover (Healthcare FSA to Healthcare FSA Carryover)

Your employer has adopted a provision that will replace the Grace Period and allow you to carry over up to \$500 of unused Healthcare or Limited Purpose FSA funds into a new FSA plan year. This valuable feature gives you the flexibility to spend your FSA funds at a future date and reduces the likelihood that your unused funds are forfeited.

The carryover will not count against your annual election and your cumulative carryover balance from year to year cannot exceed \$500. The availability of carryover funds differs when carrying over to the same type of FSA (Healthcare to Healthcare) or rolling to a different type of FSA (Healthcare to Limited Purpose).

Things to Remember...

When carrying over funds from your current Healthcare FSA to your new Healthcare FSA

- Your carryover funds are available the first day of the new plan year to reimburse claims incurred in both the previous and new plan years.
- Claims with dates of service from the previous plan year can still be submitted for reimbursement until the end of the run-out period.
- Claims incurred during the new plan year will first be paid from any new plan year elections (if any) before being paid from any available Carryover funds.

Current Healthcare FSA Plan Year \$600 balance on December 31

\$500 moves to the Healthcare FSA Carryover
\$100 remains in the Current FSA Run-out



New Healthcare FSA Plan Year

\$1,000 is elected in new FSA funds for the new plan year



Healthcare FSA Carryover

\$500 is available to reimburse:

- Claims with current plan year dates-of-service until the end of the run-out period
- Claims with new plan year dates of service for the full plan year



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Things to Remember...

When carrying over funds from a Healthcare FSA to a Limited Purpose FSA

- Funds in the Healthcare FSA, as of December 31, can reimburse expenses for Current Plan Year expenses until the end of the plan run-out period.
- Remaining Current Plan Year Healthcare FSA funds will not carryover to the New Plan Year plan year until the end of the run-out period.
- Any dental or vision expenses incurred during the New Plan Year can be reimbursed immediately from the New Limited Purpose FSA or from the carryover when funds are available.

Current Healthcare FSA

\$600 balance on December 31

Can be used for current plan year healthcare expenses through the end of the run-out period

\$600

New Limited Purpose FSA

\$1000 is elected in new limited purpose funds for the 2018 plan year

\$1000 is elected for the New Limited Purpose FSA

\$1000

FSA Carryover Limited Purpose

Unused funds up to \$500 will carry over after the run-out period

Dec 31

\$600

\$100 in current plan year healthcare expenses is submitted during the run-out period

Current Plan Year

\$100

Carryover to Limited Purpose

\$500