

Health Care FSA \$500 Carryover



Afraid of Use It Or Lose It?

No one likes all of the FSA rules. The worst is the rule that says you must use up all the money deposited into your account by the end of each year or lose it!

Introducing \$500 Health FSA Carryover

Take The Sting Out of Use It Or Lose It!

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Your health FSA permits you to carry over up to \$500!

Here's how the \$500 Health FSA Carryover Works.

During the first three months of the next plan year you will be in what is called the "run out" period for claims submission. During this time,...

- ✓ Claims with dates of service from **last** year will be reimbursed from last year's unused amounts.
- ✓ Claims with dates of service from **this** year will be reimbursed from this year's elected amount.

The unused health FSA funds then carryover....

At the end of the 90-day run out period, if there is still an unused balance from last year, FlexBank's system will automatically carry forward up to \$500 of unused health FSA funds to your new plan year.

Example:

John is a participant in a calendar year health FSA. He has \$50 left to spend. He has elected \$1,000 for the new plan year.

In January, John incurs and submits a \$90 receipt for contact lenses. This \$90 would be reimbursed from the \$1,000 from the new plan year, leaving a balance of \$910.

In February, John submits another claim for a \$20 doctor office co-pay incurred in December (last plan year). This amount would be reimbursed from the remaining unused balance of \$50 from last year leaving an unused prior plan year balance of \$30.

After the 90 day run-out period ends, FlexBank's software will carry over John's unused \$30 balance from last plan year to his new plan year. John's balance for the new plan year would then be increased from \$910 to \$940.

How could the \$500 carryover affect eligibility to contribute to a health savings account (HSA)?

In general, if you, or your spouse want to be eligible to contribute to an HSA, you must: 1) have a zero balance in your **general purpose** health FSA at plan year end, 2) elect to convert your general purpose health FSA to a limited purpose health FSA for the next plan year (for dental and vision expenses, if offered by your employer) or 3) elect to forfeit your carryover funds. You must choose your "election" prior to the end of your plan year. Call FlexBank to discuss in detail how the carryover may affect you.