

\$500 Carryover



1. When does the \$500 Carryover funds become available?

A: \$500 carryover funds will be available at the beginning of the Current plan year. Previous FSA plan year expenses must be filed manually during the “run-off” period to request reimbursement from Previous FSA plan year monies. Once the “run-off” period has expired, the Previous year funds (up to \$500) will officially be carried over.

Example 1:

- Jane elects \$2,500 for her Current FSA Plan Year.
- Jane has \$800 left in her Previous FSA.
- During her Current FSA plan year, she files a manual claim for Previous plan year dates of service (b/c she's within “run-off period”), and receives reimbursement for \$350 against her Previous FSA plan year monies.
- This leaves a potential carryover of \$450.
- Jane does not submit anymore Previous plan year dates of service claims.
- At the end of her company's “run-off” period for the Previous plan year, she has \$450 left. These funds are not forfeited. They will carry over to her Current FSA plan year, giving her an available balance of \$2,950 (\$2,500 + \$450).
- The Current FSA plan year election will pay 1st; the carry over funds will pay 2nd.

Example 2:

- Jane elects \$2,500 for her Current FSA Plan Year.
- Jane has \$500 left in her Previous FSA.
- During her Current FSA plan year, and still within the “run-off” period to file manual reimbursement for Previous plan year dates of service, she incurs a date of service in her Current FSA plan year for \$3,000.
- Jane may swipe her card for \$3,000 to pay her Current date of service.
- This will max out her Current FSA election of \$2,500, and because she has \$500 potential carryover funds in her Previous plan year, it will pay also pay from her Previous funds.
- Afterwards, Jane's Current FSA and Previous FSA balances will then be \$0.00

2. Once the carryover funds are officially carried over to the next plan year, are they used for the “Current” plan year dates of service only?

A: YES.

3. Is the carryover automatic, or does the employee have the right to decline to receive the carryover?

A: If an employer amends their document to allow the \$500 carryover, it applies to all employees who are enrolled in the FSA.

4. Does the \$500 carryover apply to Dependent Care?

A: NO.

5. Does the \$500 carryover apply to Limited FSAs?

A: YES.

6. What if an employee had an FSA for the Previous Plan year, and takes out an HSA in the Current Plan year?

A: If an employee had an FSA for their Previous plan year, and takes out an HSA for their next plan year, (after the company's "run-off" period has expired on their Previous plan year), the balance of up to \$500 can be carried over to the next plan year. However, it must be set up as a Limited FSA (used for dental and vision expenses only). If the employer does not offer a Limited FSA, the employee will forfeit any unused funds from their Previous FSA plan year.

7. (FSA / plan year is calendar year) - If an employee terminates mid-year and is eligible for FSA COBRA because they have not been disbursed more than they contributed, do they get the carryover, or is it forfeited?

A: If an employee elects FSA COBRA and pays all their premiums up to the end of their current plan year, should they not use all their funds, it will be forfeited. They will not get the carryover.

8. Does the \$500 carryover apply to each plan year?

A: YES. Unless an employer amends their plan document to no longer offer the \$500 carryover.

9. Will the \$500 carryover rollover apply if someone has less than \$500?

A: YES. Any amount up to \$500 can be carried over.

10. What if an employee has \$500 in their Previous FSA but does not elect a Current FSA. Do they still get the \$500 carryover?

A: Yes. - As long as the participant is actively employed.

- Jane **DOES NOT** elect an FSA for the Current Plan Year.
- Jane has \$800 left in her Previous FSA.
- The system will set Jane up with a Current \$0.00 FSA Election.
- Jane may use her card for Current dates of service and the system will pay from potential carryover funds from her Previous plan year (only up to \$500).
- This will reduce her Previous plan year monies, so if she has a Previous plan year date of service to file and request reimbursement, she must keep this in mind.
- Once the "run-off" period has expired on her Previous Plan year, any unused Previous Plan year FSA monies (up to \$500) will officially carry over.