

MEDICAL FSA CARRYOVER



**NO MORE
USE IT OR
LOSE IT**

Your employees will thank you for it.

This new carryover option lets your employees carry over up to \$500 into their next plan year, which means no more end-of-year rush to spend their remaining FSA balance. Here are some answers to frequently asked questions to help you decide if the carryover option is right for you and your participants.

What about the “Use-or-Lose” rule?

On October 31, 2013, the US Treasury Department modified its flexible spending account use-or-lose provision to allow carryover of unused medical FSA funds. That means participants can now carry over up to \$500 of unused medical FSA funds at the end of their plan year.

What do I need to do to add a carryover to my plan?

Employers who currently offer a grace period will need to amend their plan to eliminate the grace period provision no later than the end of the plan year from which amounts may be carried over. Employers who do not currently offer a grace period can amend their plan at any time on or before the last day of the following plan year.

What happens to any remaining balance above \$500?

The maximum carryover allowed is \$500, so any remaining balance that remains in a medical FSA after the carryover has been made will be forfeited.

What happens if my plan uses the Discovery Benefits debit card and I want to elect the carryover option?

The debit card will continue to work as normal, using the funds that are carried over in addition to the participants' election amounts in their next plan year.

Does the carryover apply to Dependent Care FSAs?

No, the carryover is only available for medical FSAs.

Will the carryover amount count towards the maximum annual FSA election?

Nope! The carryover amount is in addition to the participant's regular annual election.



Discovery Benefits®

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