

## Carryover Option Administration Participant FAQs

The spending account carryover is an optional Plan provision that allows participants in health-based spending accounts to carry (roll) up to \$500 of unused funds from their previous plan year account into the subsequent (current) plan year account. The carryover feature can help you minimize forfeitures and maximize the value you receive from your spending account benefit. Your employer has elected to offer the carryover feature on one or more of their health spending account Plans. Please check your Summary Plan Description (SPD) to verify which plans offer this feature and determine the minimum or maximum carryover allowed under the plan.

We know most people have many questions about the carryover and how it is administered through Spending Accounts by WageWorks™. This document should address most of your questions. If you have additional questions, please contact your WageWorks® Participant Solution Center.

Please note that all examples in this document referencing specific dates are based on a spending account benefit plan year that begins on January 1 and ends on December 31. If your benefit plan year operates on different begin and end dates, you should adjust these date examples to fit your specific benefit plan year dates.

### Frequently Asked Questions

**Q. On which spending account plans is the balance carryover option available?**

**A.** Under applicable guidance, the carryover option can be offered on the Health Care Flexible Spending Account (HCFSA) or the Limited Flexible Spending Account (LFSA). Your employer may offer the carryover option on one or both of these plans so you should consult your SPD to verify which accounts offer this feature under your employer's Plan.

**Q. Who is eligible for the balance carryover option?**

**A.** You must be a plan participant on the last day of the previous plan year to qualify for the carryover balance. This includes participation through COBRA continuation. Please see the section on *Carryover Option Administration Under COBRA Continuation* for additional information.

**Q. Can my employer offer both the carryover option and the Annual Grace Period (AGP)?**

**A.** A health FSA Plan cannot offer both the carryover and the AGP. Your employer has the choice to offer one or neither.

**Q. My employer's Plan currently offers the AGP. What happens if they choose to adopt the carryover option?**

**A.** If your employer currently offers the AGP, the AGP offering will cease as of the plan year that your employer adopts the carryover option (e.g., if employer offers AGP on current plan year and adopts carryover for the next plan year, the AGP offering will not be available on the next plan year; only the carryover will be available for next plan year).

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**Q. What if I don't elect to participate in the FSA for the subsequent (current) plan year but I have a balance in my previous year account?**

**A.** Your employer designates eligibility for carryover balances so you should be sure to consult your Summary Plan Description (SPD) to determine if continued enrollment is required. If you are eligible for the carryover, the process will automatically create an account in the current plan year even if you didn't choose to re-enroll in the current year health care spending account Plan. WageWorks will look at the election type (HCFSA or LFSA) from the previous plan year and create the current year account based on that previous election. Claims submitted on or before the claim submission deadline for the previous plan year will pay from the carryover balance. It is important to note that, in this situation, you would not be able to file any current year claims until the balance carryover occurs, but after the carryover is completed, you would be able to file claims for eligible expenses incurred on or after the first day of the current plan year until the carryover balance is exhausted.

For more information about how the carryover is administered between the different spending accounts, please refer to the [Quick Facts](#) document.

**Q. What if my spending account election is different from the election I had in the previous plan year?**

**A.** WageWorks will automatically look to see what elections you have in both the previous plan year and the current plan year and will determine how to carryover the balance based on the election in both plan years. For a more detailed look at how the carryover is administered between which accounts, please refer to the *Quick Facts* document.

**Q. In the previous plan year, I participated in the Health FSA (HCFSA) but I changed my election for the current plan year to a Health Savings Account (HSA). Can I still receive my carryover balance?**

**A.** If you change your election from the HCFSA to the HSA and your employer's Plan offers the LFSA, the previous HCFSA balance will automatically roll to the LFSA.

***IMPORTANT:*** You may not make or receive HSA contributions for any month in which you are covered under an HCFSA. However, you may be covered under an LFSA and be eligible to continue to make or receive HSA contributions. If you have switched your enrollment from the previous year HCFSA and are enrolled in a current year HSA, please note the following:

- If your employer's Plan does not offer an LFSA and you have carryover funds from the previous HCFSA, WageWorks will take no action on the carryover balance and these funds will be forfeited.
- If your employer's Plan has an LFSA Plan that is not administered through WageWorks, your employer must advise WageWorks. In this situation, WageWorks will take no action on your carryover-eligible balance and it becomes the LFSA Plan administrator's responsibility to ensure that the carryover-eligible balance from the previous HCFSA is properly allocated to the current LFSA.

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**Q. When will the carryover balance be rolled into my current year account?**

**A.** Your carryover balance will be rolled into your current year account approximately 1 month after the end of the previous plan year (e.g., if previous plan year ends 12/31, carryover balances will be rolled on or around 2/1).

**Q. How much money can I roll from my previous plan year account?**

**A.** Your employer may set carryover limits at any amount between \$0 and \$500, the statutory maximum. You should be sure to verify your employer's minimum and maximum carryover amount in your Summary Plan Description. WageWorks will roll any remaining spending account balance that is between your employer's minimum and maximum into your current plan year. Any remaining balance in your previous plan year that is less than the plan minimum or more than the plan maximum will be forfeited after the claims submission deadline for the previous plan year (e.g., If plan minimum is \$100 and plan maximum is \$500, a remaining balance of \$75 will be forfeited and remaining balance of \$600 will carry over \$500 and forfeit \$100).

**Q. Do the carryover balances expire if I continue to participate in the plan?**

**A.** No. As long as you remain active in the plan, your eligible, unused balance will continue to carry forward. If your spending account participation is active under COBRA benefits continuation, please see the section on *Carryover Option Administration Under COBRA Continuation* for additional information.

**Q. Do the carryover balances expire if I don't re-enroll in the plan?**

**A.** For employees that do not continue an active election in the plan, your employer may designate an expiration for carryover balances that continue to roll without claim activity (e.g., if you haven't enrolled in the plan for 2 years and you have a balance that continues to roll but you haven't filed any claims during those 2 years, your employer may designate that the balance be forfeited on the third year.) Please check your Summary Plan Description (SPD) to determine if your employer utilizes a carryover expiration for inactive participants.

**Q. How will my eligible claims be applied against my carryover balance?**

**A.** If you have an active election for the current plan year, claims will always be paid from the current election first. Once the current year election is exhausted, claims will begin paying from the carryover balance. If you did not re-enroll for the current plan year and have only a carryover balance, any claims submitted will pay from the carryover funds.

It is important to note that, even after the carryover has been executed, claims submitted for the previous plan year will be paid from the carryover balance until your plan's claim submission deadline for the previous plan year or until the balance is exhausted, whichever occurs first. Previous plan year claims submitted after the claim submission deadline will not be processed.

**Q. What happens to my balance if my employment terminates before the last day of the previous plan year?**

**A.** If your employment terminates prior to the end of the previous plan year, you will not be eligible for the balance rollover. You will be able to file claims for expenses incurred before your termination date in accordance with the claims filing deadline for terminations designated under your employer's Plan. Any funds remaining in your account after the filing deadline will be forfeited.

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You may also be eligible to elect COBRA continuation for your spending account benefit. Please see the section on *Carryover Option Administration Under COBRA Continuation* for additional information.

**Q. If I participated in the previous plan year and elected a current year account under which I received a carryover balance but my employment terminates during the current year, can I still use the carryover balance from the previous plan year?**

**A.** If you received a carryover balance from the previous plan year and your employment terminates during the current plan year, you may continue to incur eligible expenses against the carryover balance through the entire current plan year until the carryover balance is exhausted without the need to elect/pay for COBRA for the current plan year. All claims must be submitted in accordance with your employer's Plan claims filing deadline for the current plan year. Any balance remaining after the claims filing deadline will be forfeited.

**Q. My employer offers the Health Spending Account Debit Card. Will my card work for the carryover balance?**

**A.** If you made an election in the current plan year, your card will continue to work normally and will automatically begin paying eligible purchases from the carryover balance after the balance roll is complete. The carryover balance funds will not be retroactively applied to card purchases previously paid in the current plan year.

If you did not re-enroll in the current plan year but you have a card from the previous plan year and you have a carryover-eligible balance, your card will work normally after the balance rollover is completed. If you've already disposed of your card from the previous plan year, you may request a new card after the balance carryover roll is completed.

### Carryover Option Administration Under COBRA Continuation

**Q. If my employment terminates before the last day of the plan year and I elect COBRA continuation for the spending account benefit, will I be eligible for the carryover balance?**

**A.** If your employment terminates prior to the end of the plan year, you must elect and pay for COBRA continuation through the last day of the plan year to be eligible for the balance carryover option (e.g., if termination date is July 1 and you elect/pay for COBRA continuation through December 31). In this situation, you are considered a plan participant as of the last day of the previous plan year and you do not need to elect/pay for COBRA continuation for the subsequent (current) plan year. As a participant on the last day of the previous plan year, you are automatically eligible for the balance carryover and, after the balance rollover is completed, you may submit eligible claims incurred from the first day of the current plan year through the end of the current plan year or until your carryover balance is exhausted, whichever happens first. If there are any funds remaining in your account after the claim filing deadline for the current plan year, those funds will be forfeited.

If your employment terminates prior to the end of the plan year and you do not elect COBRA continuation or you elect/pay for COBRA continuation that ends before the last day of the plan year (e.g., if termination date is June 1 and you elect/pay for COBRA continuation through November 30), you will not be eligible for the balance carryover. You may submit eligible claims incurred prior to your termination date or COBRA paid-

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through date, whichever occurs last, and in accordance with the claims filing deadline for terminations designated under your employer's Plan. Any funds remaining in the account after the claim filing deadline will be forfeited.

Some plans may allow participants to continue to incur eligible expenses through the end of the month in which their employment is terminated. Please refer to your Summary Plan Description (SPD) for your employer's Plan termination policies.