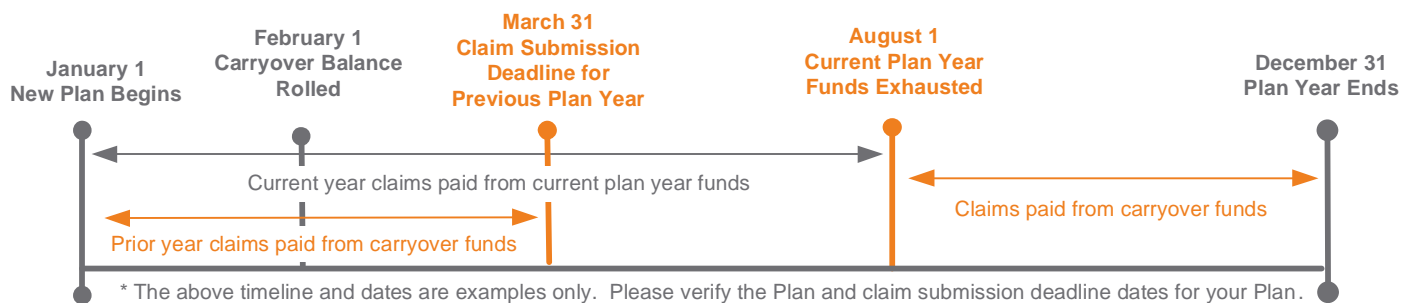


# Health Flexible Spending Accounts Participant Carryover Quick Facts

Since their inception, Flexible Spending Accounts (FSAs) have incorporated a “use it or lose it” rule on the tax-advantaged contributions participants make to their FSA. The carryover option amends that rule and allows participants in a health-based FSA (Health Care FSA or Limited FSA) to “roll” up to \$500 of unused funds from their previous plan year account to the subsequent (current) plan year account. This can help participants minimize forfeitures and maximize the value of their spending account benefit.

The basics of the carryover administration are:

- It only applies to the Health Care FSA (HCFSA) and the Limited FSA (LFSA) as defined by your employer’s Plan.
- It allows a maximum of \$500 of unused funds to roll from the previous plan to the current plan year. Your employer may also designate a minimum carryover amount.
- Participant balances are rolled into the current plan year approximately 1 month after the end of the previous plan year.
- Your employer determines whether continued enrollment, including enrollment under COBRA, is required to receive the carryover. However, you must be a Plan participant through the end of the previous plan year to be eligible for the carryover. If your employment terminates prior to the end of the previous plan year, your unused balance from the previous plan year must be used for claims incurred prior to your termination date and any remaining balance will be subject to forfeiture as defined by your employer’s Plan. If your employment terminates after the start of the new (current) plan year, you will be able to use the carryover funds for eligible expenses incurred prior to your termination date. If you’re participating in the FSA under COBRA benefits continuation, please refer to the Frequently Asked Questions for information about the carryover option under COBRA.
- Participant claims for the current plan year are paid from current plan year funds until these funds are exhausted. Then, claims are paid from the carryover balance. If you submit claims incurred in the previous plan year prior to your Plan’s claim submission deadline, these funds will pay from the carryover balance. Please see the sample timeline below for more information about when claims are paid from which funds.



There are specific definitions about how funds rolled between accounts can be administered and they are based on your previous and current elections. Below is a generic breakout of how the carryover funds roll is administered between which accounts. Your employer’s Plan may have exceptions to the carryover options so you should be sure to check your Summary Plan Description (SPD) for the specific carryover options available under your employer’s Plan.

- Previous HCFSA and Current HCFSA → Carryover Funds Rolled to Current HCFSA
- Previous HCFSA and Current LFSA → Carryover Funds Rolled to Current LFSA
- Previous HCFSA and Current HSA → Carryover Creates Current LFSA
- Previous HCFSA and No Current FSA/HSA Election → Carryover Creates Current HCFSA
- Previous LFSA and Current LFSA → Carryover Funds Rolled to Current LFSA
- Previous LFSA and Current HCFSA → Carryover Funds Rolled to Current HCFSA
- Previous LFSA and No Current FSA Election → Carryover Creates Current LFSA

**Please be sure to also review the Frequently Asked Questions (FAQ) for more detailed information about the carryover option.**