

Health care FSA carryover rules

You can carry over up to \$660 of health care FSA funds to the next plan year

The U.S. Treasury Department modified its health care FSA “use-it-or-lose-it” provision to allow FSA funds to be carried over to the next plan year.

How this affects your health care FSA

- A maximum amount up to \$660 of health care FSA funds will carry over to the new plan year
 - The carryover will take place at the beginning of the new plan year
 - Claims submitted for the prior plan year’s expenses will still be paid from available carryover funds, if needed
 - Claims from the new plan year will use any available carry-over funds, if needed
- If your plan allows a debit card, the card cannot be used to pay for expenses incurred in the prior year as of the first day of the new plan year. You will need to submit manual claims by the filing deadline
- Amounts over the maximum remain under the “use-it-or lose-it” rule and therefore, will be forfeited after the filing deadline for the plan year
- The carry-over amount does not affect the maximum health care FSA annual election set by your plan
- Even if you do not make a new health care FSA election, your funds will carry over for you to use in the new plan year, if you are still an active employee
- All health care FSA funds must be used for IRS-eligible expenses
- If enrolled in a qualified high-deductible health plan and contributing to an HSA, you will need to exhaust your current election before the end of the plan year, or waive any carry-over funds (Please contact your employer for a waiver form)

Per the IRS regulations, carry-over amounts cannot be cashed out or converted to any other taxable or non-taxable benefits.

For a list of eligible expenses, go to your FSA home page on **umr.com**.