



Medical FSA Rollover Now Permitted

The Department of Treasury issued [Notice 2013-71](#) announcing a significant change to how flexible spending accounts (FSAs) are administered by modifying the “use-or-lose” provision to allow up to \$500 of Medical FSA funds to be rolled over to the next plan year.

Q: What is the FSA rollover option?

A: Notice 2013-71 modifies the use-or-lose rule to allow participants to rollover up to \$500 into the next plan year. *Note: The IRS does not require plans to include the rollover option and employers can set the rollover limit up to \$500. Please refer to your Plan Highlights to see if a rollover option is available for your plan.*

Q: How is the rollover amount determined?

A: The rollover amount is based on the remaining Medical FSA balance; not the remaining Medical FSA election.

Q: When will rollover funds be available?

A: Rollover funds will become available after the end of the current plan year run-out period and the denial grace period has passed. Any claims that have not been reimbursed during the current plan year due to insufficient funds will be processed after the rollover funds become available. Please refer to your Plan Highlights for details regarding your run-out period and denial grace period.

Q: Will Dependent Care funds be allowed to roll over into subsequent plan years?

A: No. This new rollover option only applies to Medical FSA funds.

Q: Is there a minimum Medical FSA rollover amount?

A: The minimum Medical FSA amount that you can rollover must be greater than \$10. Any funds that do not rollover are forfeited.

Q: If I have rollover funds from the previous plan year, can I still elect the maximum tax-free Medical FSA amount as set in my plan for the current plan year?

A: Yes. The amount of your rollover does not affect the amount that you can elect for your current plan year Medical FSA. (e.g. If your plan allows a maximum election limit of \$2,000 and a maximum rollover of \$500, you could have access to up to \$2,500 for the next plan year.) Your Plan Highlights will indicate the maximum tax-free Medical FSA amount you can set aside in the plan year and the maximum amount you can rollover.)

Q: Do I have to have a Medical FSA election in the next plan year in order to have access to my current plan year rollover funds?

A: No. If you are eligible to elect a Medical FSA in the next plan year and decide not to, you can still use your rollover funds for reimbursement of eligible medical expenses once the funds are available.

Q: Will FSA rollover funds be available on my Beniversal Card?

A: If you have an active Beniversal Card at the time of the rollover, funds will be available on the card.

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