

\$500 Health FSA Carryover Frequently Asked Questions for Participants

How much can I carry over?

Per IRS guidelines, the maximum amount a participant can carryover is \$500, but your employer may have set a lower maximum.

When will carryover funds be made available to me?

Funds carried over from the previous plan year will be available once your current plan year funds have been exhausted. Paychex will automatically use funds from the current year to reimburse claims before we reimburse claims using funds carried over from the previous plan year.

Do I have to do anything special to access carryover funds?

No. Any employees who enroll in the health FSA plan will be able to benefit from the carryover option.

Will I still get the grace period for health FSA?

You no longer have the grace period for health FSA, since employers can't offer both the carryover and grace period options; however, if your employer offers a grace period for Dependent Care Assistance, that plan will continue to operate as it does today.

Will the grace period still apply to Dependent Care Assistance (DCA) FSA claims?

Yes. If your employer offers a grace period option for DCA, you can still take advantage of this option. Only the health FSA is affected by the carryover option.

How does this change impact the IRS maximum of \$2,600 for health FSA?

The \$2,600 limit applies only to the amount an employee can elect to salary reduce for a health FSA when making their annual election; the carryover amount will be applied in addition to participant salary reduction amounts for the plan year. (For example: An employer allows a \$500 carryover for their health FSA plan. A participant has elected \$2,600 for the next plan year (i.e., 2017) and has \$500 remaining in their account; the total benefit available to them for 2017 would be \$3,100.)

If I don't use my \$500 carryover next year, can I carry over \$1,000 to the following year?

No. The carryover amount is \$500 per plan year. If you don't use the carryover amount by the last day of the following plan year, you will forfeit funds in excess of the allowable carryover to the plan.

What happens to any funds over the \$500 maximum (or whatever amount my employer sets as the carryover limit)?

You can only carry over up to the amount your employer sets as the maximum amount. Any funds unused as of the last day of the plan year that are beyond the maximum will be forfeited to the plan.

I'd rather have the grace period option. Can I choose that instead of the carryover option?

No. Your plan offers the carryover option for health FSA, and the grace period option cannot be offered in conjunction with the carryover.

What is the deadline for using the carryover funds?

You have until December 31 of the plan year into which funds are carried over to incur eligible expenses. The deadline to submit claims for any carryover funds is March 31 of the following year. (For example: An employee carries over \$500 from 2016 to 2017. He has all of 2016 to incur expenses against the 2017 election, plus the carryover amount. He then has until March 31, 2017, to submit claims to be reimbursed for these funds.)