

HEALTH PLAN UPDATE:

Flexible Spending Accounts (FSA)

Unused funds in your flexible spending account can now roll over

Flexible spending accounts (FSAs) are now an even better way to budget and pay for out-of-pocket healthcare expenses. Because you do not pay taxes on FSA contributions, an FSA will still save you an average of 30% of your annual contribution amount. Only now, you don't have to worry about forfeiting unused funds at the end of the year.

No more use-it-or-lose-it rule

Previously, any unused FSA funds were forfeited at the end of the plan year (or grace period). Now the government has modified its so-called "use-it-or-lose-it" rule to allow a limited rollover of FSA funds. Up to \$550 of unused FSA funds may now roll over to be used during the following plan year. The rolled over amount does not limit your ability to contribute the maximum allowable amount of up to \$2,750 or up to your employer's maximum allowable amount.

How the new rule affects using your Benefits MasterCard

If your employer offers the Benefits MasterCard, you can use the card to access the FSA rollover funds. The Benefits MasterCard should only be used to pay for dates of service in the current plan year. The card cannot be used to pay for services incurred with a previous plan year date. Those services must be submitted to PlanSource for manual reimbursement within your claims run out period.

Underestimating is no longer the best way to use an FSA

Previously, estimating your healthcare expenses accurately and choosing the appropriate election amount was the stressful part of participating in an FSA. The fear of losing funds often kept employees from maximizing their tax savings, or they opted not to participate at all. The new rollover provision allows you to fully leverage the money-saving benefits of an FSA, stress-free.

Benefits of the new FSA rule: Roll over up to \$550 to the next plan year

- The rollover amount does not affect the following year's maximum contribution amount (you can still contribute up to the maximum allowance of \$2,750 or up to your employer's maximum allowed amount)
- Maximize your tax savings by increasing your contribution without fear of losing money at the end of the plan year
- The new rule does not affect run-out periods
- Your entire annual election is still available at the beginning of the plan year — a significant cash flow benefit!