

HEALTH FSA

USE IT or

Roll over \$500
~~LOSE IT~~

If you chose not to participate in the HEALTH FSA program because of the “use it or lose it” rule, it’s time to take another look.

- **With the new \$500 rollover** from one plan year to the next you have greater flexibility and less stress.
- **Less risk and guesswork** when trying to figure out exactly what your out-of-pocket Health care expenditures might be during the upcoming plan year.
- **Less worry** that you will forfeit unused Health FSA funds.
- **No more having to rush** to spend down all your unused funds at the end of the plan year.
- **Greater control and flexibility** in how your tax advantaged Health FSA funds are spent.

IMPORTANT INFORMATION

- Current Health FSA participants should note that up to \$500 of any unused funds from the 2015 plan year will be rolled into their 2016 Health FSA plan unless they opt out of the rollover feature.
- The rollover applies to the Health FSA plans only.
- The rollover does not affect the maximum contribution amount for 2016. In other words, you can still elect up to \$2,550 for 2016.
- The amount that rolls over from 2015 will be used for any 2015 claims submitted during the run-out period through March 31, 2016. Once the

run-out period is closed the 2015 funds will combine with the 2016 funds and can be used to pay 2016 expenses.

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- **Are employers required to adopt the rollover rule?**
- No. Rollover is optional. Employers are also free to elect a lower maximum amount (i.e. less than \$500) for participants. Regardless of what the employer chooses to do, the employer must apply it to all participants equally.
- **Can I opt out of rollover?**
- Yes. Notify your benefits department in writing before April 1st that you do want to opt-out of rollover.
- **Can I continue using Health FSA rollover money next year if I elect the CDHP (Consumer Driven High Deductible Plan) with a Health Savings account?**
- Yes and No. The IRS guidance states you may not have a Health FSA and HSA in the same year for medical expenses. Your employer will notify Discovery Benefits following open enrollment that you are in a CDHP plan effective January 1st. After the run out period expires March 31st, your remaining Health FSA funds (\$500 or less) will be converted to a “limited use Health FSA”. This allows you to use your rollover balance for dental and vision expenses ONLY through the remainder of the calendar year.
- **What types of flexible spending accounts can be rolled over?**
- The rollover rule applies only to Health FSAs and not to any other type of FSA such as daycare or commuter accounts

