

Carryover Provision: Flexible Spending Accounts

Great News! Your employer has implemented the Carryover Provision for your Health Flexible Spending Account.

What Is The Carryover Provision?

The government has modified *The Carryover Provision* for plans beginning on or after 1/1/2020. The amount to rollover from one plan year to the next is up to 20% of the Health FSA IRS maximum election amount for a given year. For plans beginning 2025 the maximum is \$3,300, therefore the maximum amount that can be rolled over is \$660 for these plan years. (Your employer may require you to make an active new plan year election to take advantage of this provision).

How the Rollover Works:

- When the prior plan year ends any remaining balance up to 20% of the IRS Maximum Health FSA contribution will roll into your new plan year.
- PLEASE NOTE: If you have more than \$660, the total amount which is allowed to be rolled over into the new plan year, you will have the opportunity to submit claims for expenses incurred during the previous plan year. You must submit claims by the run out deadline or the balance above \$660 will be forfeited.

Run Out Date

The Run Out date is the last day to submit claims for expenses incurred during an active plan year. Once a plan year ends, please do not use your ABG Benefits Card to access these funds, you will need to submit these claims manually.

IMPORTANT: If you have a Dependent Care FSA the plan remains unchanged. The Carryover Provision is not allowed for the Dependent Care FSA.

Health
FSA

~~USE-OR-LOSE~~

Rollover
20%
of IRS Max

- Rollover up to 20% of the IRS Maximum Health FSA Contribution limit to the next plan year
- The carryover amount does not affect the following year's maximum contribution amount (you can still contribute up to the maximum allowance) the carryover funds will be added to your balance
- 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!