

Health FSA Carryover - Frequently Asked Questions



How much can I carry over?

The State of Iowa allows the maximum IRS Health FSA carryover amount of \$500.

Can I carryover funds from 2014 to 2015?

No. Only the grace period option applies to unused funds for plan year 2014. The carryover option becomes available for unused funds contributed in the 2015 plan year.

When are carryover funds made available to me?

January 1 of the following plan year.

Is the carryover benefit automatically applied to my account?

Yes. All 2015 Health FSA plan participants still employed on 1-1-2016 are eligible to use the carryover option.

Do I need to be enrolled in the next plan year to take advantage of the carryover?

No. If you are enrolled in the 2015 plan year and have a carryover of \$500, you do not need to enroll for plan year 2016 to submit claims incurred in 2016. You must be employed in 2016, but do not need to be enrolled in the plan.

Does the grace period for Health FSA still apply?

No. The carryover option replaces the Health FSA grace period option. Employers cannot offer both options in the same plan year. After April 2015, the grace period option is no longer available for the Health FSA.

What about Dependent Care FSA claims?

The carryover option does not apply to Dependent Care FSA accounts. The grace period option remains available.

Does the carryover amount impact the IRS maximum deduction for Health FSA?

No. The carryover amount is *added to* your payroll deduction election for new plan year. (see example below)

If I don't use my \$500 carryover next year, can I carry it over again 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 forfeit the remaining funds to the plan.

What happens to any unused funds over \$500?

Unused funds over the carryover amount are forfeited to the plan. This amount is determined after the April 15 claim filing deadline.

Can I choose the grace period option instead of the carryover option?

No. Beginning plan year 2015, only the carryover option is available for Health FSA.

What claims can be reimbursed with carryover funds?

Carryover funds may be used for eligible expenses incurred from January 1 through December 31 of the new plan year.

What is the deadline for using the carryover funds?

The deadline to incur claims is 12-31 of the new plan year. The deadline for submitting claims for any carryover funds is April 15 of the following year.

Example: An employee carries over unused contributions of \$500 from plan year 2015 to plan year 2016. He elects to contribute \$2,500 in 2016. His 2016 contributions **plus** the carryover amount are available for reimbursement of any eligible expenses incurred during the 2016 plan year.

2015 contribution election =	\$2,500
2015 unused contributions =	\$500
2016 contribution election =	\$2,500
Total funds available for 2016 expenses =	\$3,000 (\$2,500 plus \$500 carried over from 2015)

He has until April 15, 2017 to submit claims to be reimbursed for the 2016 contributions and carryover funds.