TO VIEW THIS EMAIL IN ITS ENTIRETY Click Here

Clarification on FSA Use It Or Lose It Rule Modification!

November 5, 2013

Benefit Strategies would like to provide a couple of clarifications on the latest guidance from the Treasury Department and IRS that modifies the "use it or lose it" rule for Health Care Flexible Spending Accounts.

We have sample communications available upon request to use for your open enrollment period. We can provide you with a one page sample flyer and a sample email communication that you can send out to your participant base whether you are thinking about adding the carryover option for the current plan or future years. To ensure you get the information that applies to your individual needs please contact your Account Manager at Benefit Strategies.

As you already know plan sponsors that currently have a plan that doesn't offer the two and half month grace period you can adopt to allow the $500 rollover to the current plan year as long as your documents are changed before the last day of the plan. We did get clarification on the fact that if you currently offer the two and half month grace period and want to remove this from your current plan and add the rollover this is an option. We also did learn that if you offer an employer contribution currently you need to consider this when factoring in the carryover option. A plan sponsor cannot have both the employer contribution and a carryover.
A few considerations before making this or any decision about amending your plan:

- Consider the balances remaining in the participant's accounts. If all participants have less than $500 adopting the carryover will positively affect participants. If participants have greater than $500 and have plans of using the funds during the two and half month grace period could potential be negatively affected by this change for the current plan year.
- If your plan has employer contributions, those employer contributions need to be stopped to enable the carryover provision.

Next Steps:

Please contact your Account Manager at Benefit Strategies for further guidance and support. If you don't know your Account Manager please contact us at 888-401-3539.

We will keep you posted as more details and resources become available on this modification.

Please contact Benefit Strategies at our toll free number for more information.

Benefit Strategies, LLC
PO Box 1300
Manchester, NH 03105
Phone: (888) 401-3539 | Email: info@benstrat.com
Web: www.benstrat.com

PLEASE DO NOT REPLY TO THIS EMAIL

Find us on Facebook

Forward email