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Subject: IRS Guideline Update- Health FSA Maximum
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IRS Releases Guidance on FSA Contribution Limits

June 1, 2012

On May 30th, the IRS provided meaningful transition relief on the effective date of the Health FSAs annual spending limit of \$2,500. The new IRS Notice 2012-40 will delay the Health Care Reform limit of \$2,500 for *some* employers if they have a non-January 1 plan year.

- The \$2,500 limit will apply to the employer's fiscal plan year versus the 2013 calendar year as previously understood.
- Health FSA reimbursement maximums that exceed \$2,500 can remain in effect for groups renewing after May 30, 2012. The maximum limit will go into effect upon the group's renewal in 2013.

Any Health FSA plans that renewed between January 2, 2012 and May 30, 2012 and reduced the maximum to \$2,500 will be held to this maximum due to late guidance from the IRS. These Employers will not be allowed to increase the maximum as their open enrollment period has passed.

- Employer contributions do not count towards the \$2,500.
- Plans must be amended prior to the end of 2014.

Benefit Strategies, LLC will automatically reduce any groups exceeding the maximum to \$2,500 starting with January 1, 2013 renewals.

To learn more information about IRS Notice 2012-40, please [Click Here](#)

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

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