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## FSA Use It Or Lose It Rule Modification!

November 1, 2013

Benefit Strategies is happy to report on the latest guidance from the Treasury Department and IRS that modifies the "use it or lose it" rule for Health Care Flexible Spending Account.

This new guidance modifies the "use it or lose it" rule. An employer that sponsors a health FSA can choose to allow its employees to carry over unused amounts of up to \$500 to reimburse qualified medical expenses incurred during the following plan year. Plan sponsors now have the choice of either allowing employees a carryover of up to \$500 or allowing them a grace period of up to two and a half months (though employers are not required to allow either). A health FSA cannot, however, have both a carryover and a grace period. If you currently have a plan that doesn't offer the two and half month grace period you can adopt to allow the \$500 carryover to the current plan year as long as your documents are changed before the last day of the plan.

For more information directly from the IRS please review the following links:

[IRS Fact Sheet](#)

[IRS Notice 2013-71](#)

<http://www.treasury.gov/press-center/press-releases/Pages/jl2202.aspx>

### Next Steps:

If you don't currently have the two and half month extension/grace period on your plan and would like to add the carryover option to your current plan.

OR

If you have the grace period on your current plan and would like to remove that from your future plans and add the carryover.

Please contact your Account Manager at Benefit Strategies. 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.

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