

FSA Rollover Q&A



What has changed?

The IRS amended the “use-it or lose-it” rule to allow a limited amount of unused funds to rollover at the end of the plan year. Although the IRS notice calls it “carryover”, we call it “rollover” to match our plan language.

How much can rollover?

Middlebury College has elected to allow the full \$500 rollover of unused Health Care FSA funds.

Does the new rollover rule apply to Dependent Care FSAs?

No. Your Dependent Care FSA is independent of this Health Care FSA ruling and remains unaffected.

Does this change the \$2,500 maximum annual election?

No. For example: If the full \$500 were to rollover into the following plan year and you elected to contribute the full \$2,500 in that year, you would have a total of \$3,000 available for reimbursement of eligible health care expenses that year.

Does the rollover option change the March 15th deadline to file claims?

No. You will still be able to file claims during the run-out period for health care expenses incurred during the plan year. This will be useful if you have more than \$500 in your Health Care FSA account at the end of the year. Check your plan document for the length of your run-out period.

Do I have to elect a Health Care FSA in the plan year into which funds are rolled over?

No, but you will be limited to only the rollover amount for health care expenses in the next plan year. Although you may not be contributing in the rollover year, you remain a participant until your rollover funds are exhausted or your employment is terminated (or your COBRA, if elected, ends).

How is the rollover amount calculated?

The rollover amount is determined after all health care expenses have been reimbursed for that plan year (after the end of the plan’s run-out period). For example, if a plan has a run-out period that ends on March 15th of the following plan year the amount rolled over for a plan year is equal to the amount from that plan year remaining in the participant’s Health Care FSA after the following March 15th (up to the \$500 maximum rollover amount). Any unused amount in excess of \$500 is forfeited.

How long do I have to use my rollover funds?

According to the IRS ruling, “The carryover of up to \$500 may be used to pay or reimburse medical expenses under the Health Care FSA incurred during the entire plan year to which it is carried over. The expense must be incurred by the last day of the plan year into which the funds were rolled over. However, if you terminate employment, then you are only eligible for reimbursement for claims with dates of service on or before your termination date (or COBRA end date).

Where can I find additional information about Middlebury College’s Flexible Spending Accounts?

Additional information, including how to access funds in your FSA & how to check your FSA balance is available on-line at <http://www.middlebury.edu/offices/business/hr/staffandfaculty/benefits/flex>