

## Frequently Asked Questions – Health FSA Carryover

Updated November 20, 2013 (See footnote)

- 1. I think I'll have \$1,200 left in my 2013 Health FSA. Will the whole amount be carried over?**

\$500 will carry over. You must incur claims by December 31, 2013 or you will lose the remaining \$700.
- 2. I'll have about \$300 left in my 2013 Health FSA. I didn't elect a Health FSA for 2014; will the \$300 I didn't use in 2013 carry over into 2014?**

Yes, up to \$500 will be carried over, even if you didn't elect a Health FSA for 2014.
- 3. Why do I have to wait until April 2014 to access my 2013 carryover for 2014 expenses?**

The City's deadline for filing 2013 FSA claims is March 31, 2014. We won't know exactly how much is available to carry over into 2014 until after all reimbursement claims have been processed, which will be mid-April 2014.
- 4. If I find unsubmitted receipts from 2013 after April 1, 2014, can I request reimbursement for them from the money that carried over to 2014?**

If you find unreimbursed receipts for 2013, you may submit them by March 31, 2014 to Flex-Plan Services for reimbursement. After March 31, 2014, the carryover funds can only be used for eligible expenses incurred between January 1 and December 31, 2014, not expenses from 2013.
- 5. I will end up carrying over \$500, and I elected \$2,500 Health FSA for 2014. Since \$2,500 is the maximum contribution, will I have \$3,000 to use in 2014?**

Yes, you will have \$3,000 to use for health care expenses in 2014. The 2013 carryover amount does not apply toward the 2014 maximum contribution amount.
- 6. What will happen if I don't use the \$350 carryover in 2014? Can I carry it over to 2015?**

Participants must use the 2013 carryover from 2013 by December 31, 2014 or they will lose it. If you've set up a 2014 Health FSA, you will be able to carry forward up to \$500 of that account into 2015.
- 7. Is the carryover a one-time opportunity? If I don't use all my 2014 Health FSA funds in 2014, will I be able to carry over up to \$500 to 2015?**

The carryover opportunity will occur each year. If you don't use all of the money you had deducted from your paychecks in 2014, up to \$500 will be carried forward into 2015.

\* \* \* \* \*

**Note:** These answers reflect the City's current understanding of the new Health FSA feature as described in IRS Notice 2013-17. The IRS has not yet provided additional guidance on this issue, so some answers may change in the future.

**8. Why am I being told about this after the City's Open Enrollment period? I might have chosen a different amount for my 2014 Health FSA if I knew I could carry over 2013 money into 2014 and from 2014 into 2015.**

The IRS issued the Notice on October 31, the same day the City's Open Enrollment ended. IRS rules will not permit a change to 2014 Health FSA deduction amounts at this time (unless you experience a qualifying mid-year family status change).

**9. What will happen to my carryover if I leave City employment?**

Your access to a carried-over Health FSA amount depends on a variety of things: your last day of active employment, whether or not you have a regular Health FSA, and whether you choose to continue your regular Health FSA through COBRA. See below for a variety of "terminating employment" scenarios.

**a. A City employee terminates employment on 12/31/2013. They have fully contributed to the 2013 Health FSA and potentially have \$500 left in their 2013 Health FSA. The employee elected Health FSA for 2014 during October 2013 Open Enrollment.**

Because the individual is not an active employee on January 1, they are not an eligible Health FSA participant in 2014. Any money remaining in the 2013 Health FSA after the 2013 claim filing deadline of March 31, 2014 will be forfeited.

**b. An employee leaves City service on 2/15/2014. They potentially have \$500 left in 2013 Health FSA, and elected Health FSA for 2014. They elect COBRA for the 2014 Health FSA and continue paying it through July 2014, when they stop paying Health FSA COBRA.**

The former employee has full access to any 2013 Health FSA carryover amounts and 2014 Health FSA money for services incurred through the end of July 2014. The carryover funds will not be available until after the 2013 claim reimbursement deadline has passed (March 31, 2014) and the carryover amount determined. They have until March 31, 2015 to file claims for reimbursement from both accounts; any amount remaining in either fund after this date will be forfeited.

**c. An employee ends employment on 2/15/2014. They potentially have \$500 left in 2013 Health FSA, and they did NOT elect 2014 Health FSA.**

The individual has full access to any 2013 Health FSA carryover money for expenses incurred through February 15, 2014. The carryover funds will not be available until the 2013 claim reimbursement deadline (March 31, 2014) has passed and the carryover amount determined. The former employee has until March 31, 2015 to file claims for reimbursement from the carryover account; any amount remaining in the fund after this date will be forfeited.

\* \* \* \* \*

*Note: These answers reflect the City's current understanding of the new Health FSA feature as described in IRS Notice 2013-17. The IRS has not yet provided additional guidance on this issue, so some answers may change in the future.*

- d. An employee terminates employment on 2/15/2014. They potentially have \$500 left in 2013 Health FSA, and they were contributing to a Health FSA for 2014. The employee does NOT elect COBRA for the 2014 HFSA.**

The former employee has full access to the 2013 Health FSA carryover money for expenses incurred through February 15, 2014. The carryover funds will not be available until the 2013 claim reimbursement deadline (March 31, 2014) has passed and the carryover amount determined. They have full access to 2014 Health FSA money for expenses incurred through February 15, 2014. They have until March 31, 2015 to file claims for reimbursement from both accounts. Any amount remaining in either fund after this date will be forfeited.

- e. An employee leaves City service on 8/22/2014. They have \$200 left in a carryover 2013 Health FSA, and they did NOT choose to contribute to a 2014 Health FSA.**

The individual has full access to the 2013 Health FSA carryover money for expenses incurred through August 22, 2014. They have until March 31, 2015 to file claims for reimbursement from the carryover account. Any amount remaining in either fund after this will be forfeited.

- f. An employee terminates employment on 8/22/2014; they still have \$300 left in 2013 Health FSA; they elected \$1,000 in 2014 Health FSA, which they have not used up. They elect COBRA for the 2014 Health FSA and continue paying through December 2014.**

The former employee has full access to the 2013 Health FSA carryover money for expenses incurred through the end of December 2014. They have full access to 2014 Health FSA money for expenses incurred through the end of December 2014. They have until March 31, 2015 to file claims for reimbursement for both accounts. Any amount remaining in either fund after this will be forfeited. They can NOT carry over any of their 2014 Health FSA into 2015.

\* \* \* \* \*

*Note: These answers reflect the City's current understanding of the new Health FSA feature as described in IRS Notice 2013-17. The IRS has not yet provided additional guidance on this issue, so some answers may change in the future.*