



# City of Seattle

Michael Patrick McGinn, Mayor

## Personnel Department

David Stewart, Personnel Director

November 15, 2013

### Re: Carry Over up to \$500 Health FSA Funds From 2013 into 2014

Dear Health Care Flexible Spending Account Participant:

The IRS recently changed the “Use it or Lose it” rule for Health Care Flexible Spending Accounts (Health FSAs). Starting this year, up to \$500 of unused amounts remaining in your Health FSA at the end of the 2013 plan year will be carried over into 2014. No action is required on your part to carry over the funds.

The carryover amount will be calculated after the 2013 Health FSA claim reimbursement due date, March 31, 2014. The amount may be used to reimburse health expenses incurred at any time during 2014. You may access the funds for reimbursement in mid-April, 2014.

See the back of this letter for Frequently Asked Questions about the Health FSA carryover. If you have questions, contact your department’s Benefits Representative ([seattle.gov/personnel/benefits/library/reps.asp](http://seattle.gov/personnel/benefits/library/reps.asp)).

Sincerely,

A handwritten signature in black ink that reads "Renee Freiboth".

Renee Freiboth  
Benefits Manager



## Frequently Asked Questions – Health FSA Carryover

### **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.

### **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.

### **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.

### **If I find unsubmitted receipts from 2013, can I use the funds that carried over to 2014?**

If you find unreimbursed 2013 receipts, you may submit them by March 31, 2014 to Flex-Plan Services. 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.

### **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.

### **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.

### **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.

### **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 some of it from 2013 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 have a qualifying mid-year family status change).