

We have a “Use it or Lose it” rule change for you!

We have great news about your Flexible Spending Plan (FSA)! We have changed the plan to allow an up to \$500 Carryover from one year to another. We are sure you will have many questions about this new change and we believe that the following Q&A will help to answer many of your concerns. Any other questions that you might have should be directed to The Preferred Group helpline at (866) 989-8995 and one of their representatives will be able to assist you.

Every year you calculate and choose an amount of money that you are going to use for Out-of-Pocket Medical expenses for the year. In the past, you may have over-estimated how much money that you were going to use or you may not have been able to use the plan funds fully. This meant that you were struggling to use the money in the Medical FSA or you would lose it. Now, it will be “OK” to over-estimate a bit. You are now able to “Carryover” up to \$500 from the old plan year to the new plan year!

How does the “\$500 Carryover” change the “Use it or Lose it” rule?

At the end of the plan year, up to \$500 of old plan year Medical FSA dollars will be available to use for either old plan year service dates or new plan year services dates.

Do I have to enroll in this new option?

No. You do not enroll in this new FSA option. Your employer has selected to allow the carryover in order to minimize the effect of the “Use it or Lose it” rule and make a better FSA plan for their participants.

Does this change my payroll deductions?

No, your payroll deductions will be deducted for your new annual election during the plan year only.

Can I still elect the maximum election for my Medical FSA?

Yes, you will be able to elect the maximum annual election and have up to \$500 of old plan year funds to use in the new year.

What happens if I have more than \$500 left by the end of the plan year?

You still have your run-out period, usually 90-days, to submit claims for service dates prior to the plan year end to use up money that will not be carried over to the new year. Any old plan year amount over \$500 will still need to be claimed before the end of the run-out period.

What will this look like when I log in to the benefit portal?

During your run-out period, not much will look different. Your old plan year available dollars and new plan year available dollars will appear as they have in the past. As claims are received the appropriate money will be reimbursed from each account.

When will the Carryover funds be moved to the new year?

However much money is left of the carry-over funds will be moved into the new plan year after the run-out period.

Does this Carryover apply to my Dependent Day Care account?

No, the Carryover only applies to the Medical FSA account. This rule change does not apply to the Dependent Day Care account.