

FLEXIBLE SPENDING ADMINISTRATION BY TR PAUL INC

IMPORTANT NEWS FROM THE IRS!! "USE IT OR LOSE IT" RULE AMENDED TO ALLOW FOR A \$500 ROLLOVER!

If you have not enrolled in the flex plan previously because you were worried about "use it or lose it", this may be the perfect time for you to take a closer look at a Healthcare Flexible Spending Account (FSA), a valuable benefit that helps you pay for health-related, out-of-pocket costs not covered by your insurance.

Use-it or Roll Over \$500. The new FSA ruling means that the risk of losing your FSA healthcare deposits at the end of the year is reduced. **You will be able to roll over up to \$500 from the current plan year if you are currently enrolled and the rollover option will continue for subsequent flex plan years.** The FSA rollover provision eliminates the mad scramble at the end of the year to spend remaining FSA funds.

Plan Carefully. Before you enroll for the new plan year, you must first determine how much you have left in the 2014-2015 Flex plan year. Will you be able to spend that balance before June 30th? If not, the IRS will allow you to roll over a **MAXIMUM of \$500** to the 2015-2016 Flex plan year **medical spending account** (the \$500 rollover option does not apply to dependent day care accounts). In addition, the amount you roll over will NOT count toward your \$2,550 maximum in your medical Flex Spending Account. For example, you can elect \$2,550 as a contribution amount for 2015-2016 AND add \$500 to that amount from your rollover for a total of \$3,050. Read the attached materials carefully. We still recommend that you make a conservative election for your anticipated 2015-2016 eligible medical expenses since the regulations limit the rollover amount to \$500.

Claims Process: When is the rollover amount available? The 2014-2015 Flex plan year will close on June 30, 2015. You will have an additional 90 days to submit claims (until September 30, 2015). The system will automatically roll over \$500 on October 1, 2015. Any amount over \$500 in your 2014-2015 Flex account will be forfeited. If you choose not to enroll for the subsequent plan year, an account will remain open for you so that you can still spend the rollover dollars. ***You must be an active participant in the plan on June 30th in order to qualify for the rollover option.***

Please remember, when you begin to use your debit card on or after July 1, 2015, the funds will be deducted from your new plan year flex account first. You must submit paper claims for expenses incurred prior to July 1, 2015. The rollover dollars will not be added until October 1, 2015. You can incur the expenses between July and October but the \$500 rollover funds will not be in the account until October 1, 2015.

It is important to know that employers are not required to offer the \$500 rollover option. If your spouse is enrolled in a flex plan through his/her employer, they may not be entitled to a rollover option. The dollars cannot be "cashed out" or returned as taxable income. **Also note the rollover option does not apply to dependent day care contributions.**

THE NEW
FSA

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