GREAT NEWS FOR FLEX PLANS!

The "Use or Lose" Rule for Health Flexible Spending Accounts Has Been Changed

Effective 10/31/13 the IRS modified the long standing "Use or Lose" rule for health Flexible Spending Accounts (FSAs). Health FSAs are also known as Medical Reimbursement Accounts.

Why is this good news for you?

It means you now have a safety net in the event that you do not use your entire health FSA election amount by the end of the plan year. Prior to this change, you had to forfeit any unused money left in your FSA account. Now you can carryover up to $500 into the next plan year and use it for expenses incurred during that year.

Open enrollment is the perfect time to consider increasing your election amount to allow for additional expenses. You may have hesitated to even enroll in the past because of the "Use or Lose" rule, but now you can have a cushion of $500 at the end of the plan year which makes planning for you and your family's expenses easier.

Does this affect how much you can elect in the new plan year?

No, any money carried over into the new plan year will be added to your new election amount. Example: If you elect $2,500 for the 2014 plan year and you have $300 remaining from 2013, the $300 can be carried over into the new plan year. The $300 along with your $2,500 election provides a total of $2,800 that could be reimbursed in 2014 for qualifying expenses.

DIVERSIFIED BENEFIT SERVICES, INC.
Dedicated to Excellence in Benefit Management Solutions

P.O. Box 260, Hartland, Wisconsin 53029
(262) 367-3300 • (800) 234-1229 • Fax (262) 367-5938
www.dbsbenefits.com