



Important Information Regarding Your Health Flexible Spending Account (Health FSA)

As a reminder Flexible Spending Account, participants have a carryover provision, which allows a participant to roll up to \$500 of unused account balance from one plan year to the next plan year. This balance could then be used to reimburse eligible medical expenses incurred during any part of the next plan year.

The Health FSA maximum contribution limit is \$2,600. Therefore, a Health FSA participant could elect \$2,600 for the new plan year and carryover \$500.00 from the current plan year for a total of \$3,100 available to reimburse qualified medical expenses in the new plan year.

San Marcos Unified School District allows for the carryover provision for the Health FSA for the Section 125 plan year that ends **12/31/2018**. This means that unused balances at the end of the run-off period for the current plan year **in excess of \$5.00 but** not to exceed **\$500.00** will be carried over and added to the account balance for the new plan year.

IRS guidance does not allow for a plan to have both the carryover provision and the grace period provision. The grace period is the additional 70 days at the end of the plan year during which a Health FSA participant may incur expenses and be reimbursed out of the prior year's remaining balance.

The grace period provision does not apply to San Marcos Unified School District for plan year beginning 1/1/2018 to plan year ending 12/31/2018.

The addition of the carryover provision will not affect the runoff period for the Health FSA. Participants will still have **90** days after the plan year to submit claims for expenses incurred during the plan year. Any claims made during the run-off period may reduce the available carryover. The carryover provision does not apply to the Dependent Day Care FSA.

Changes to the new plan year's Health FSA election amount will be allowable as long as the participant completes a new election form during Open Enrollment. Changes to the current year election not allowed. Please contact Kitty Ross at 760-752-1241 for assistance.