



The Health FSA Carryover.

The U.S. Treasury Department issued Notice 2020-33 for the Health Flexible Spending Account (FSA) Use-or-Lose rule to allow up to a \$550 carryover of Health FSA funds. The carryover is applicable only to Health FSAs (not to Dependent Care FSAs). Any unused amount above the carryover limit is subject to forfeiture and cannot be cashed out or transferred to other taxable or nontaxable benefits (e.g., HSAs).

If your organization offers the carryover option, it's great news for you because:



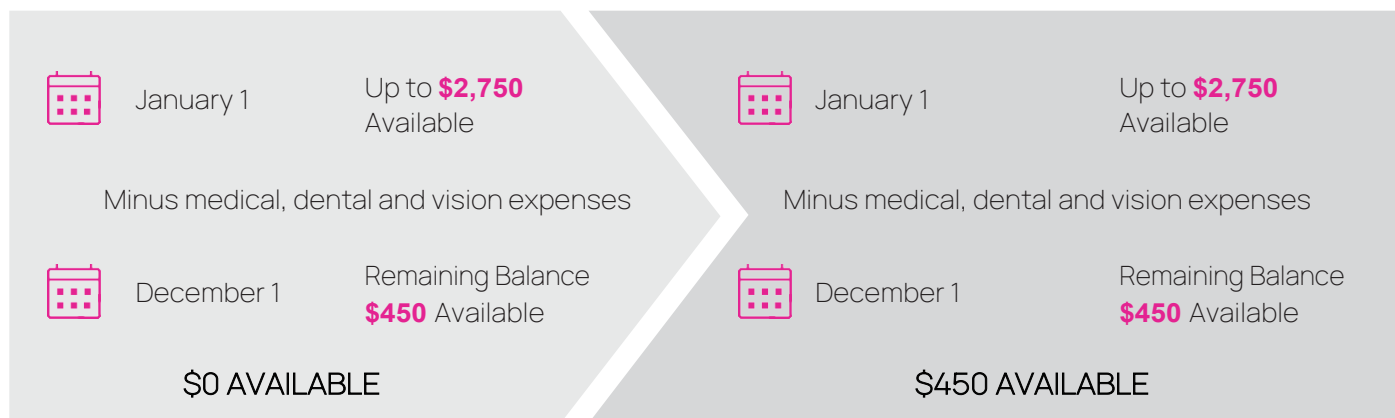
You can now carry over **up to \$550** of your unused Health FSA funds at the end of the plan year.



The money you put in a Health FSA is **not taxed**, so assuming you pay a combined 40 percent state and federal tax rate, you're saving 40 percent on health care expenses funded through the account.

Before Carryover

FSA Carryover



* This graphic is for informational purposes only. Plans vary by employer and this scenario may not be applicable for all employees.

The Health FSA carryover option may also apply to Limited FSA, an employer-sponsored benefit that is often **used in conjunction with a Health Savings Account (HSA), offered with a high deductible health plan.**

If your organization offers carryover but you have chosen not to participate in the Health FSA program because of the Use-or-Lose rule, it's time to take another look.