New Carryover Feature Frequently Asked Questions

Health Care FSA “Grace Period” No Longer Offered in 2015

Effective for the January 1, 2015 through December 31, 2015 Plan Year, Health Care FSA participants will benefit from a new feature called the Health Care Flexible Spending Account (FSA) Carryover provision. This new provision makes available the carryover of any remaining balance up to $500 from your 2015 plan year FSA to your 2016 plan year FSA. The information below describes how this change may affect you.

- If you have $500 or less in unused funds in your 2015 Health Care FSA at the end of the year, those funds will automatically roll into your Health Care FSA for 2016.
- This new Carryover provision will replace the 2 ½ month “grace period” provision for the Health Care FSA.
- There will be no change to the Dependent Care FSA.

Questions and Answers:

1. **Who is eligible for the Carryover?** Active employees with a Health Care FSA who have unused funds in their accounts as of December 31, 2015, will be eligible to roll over funds up to $500.

2. **How much can/will be rolled over?** Any remaining balance up to $500 will automatically be rolled over into the 2016 plan year FSA. No action is required on your part. Remaining balances in excess of $500 will be forfeited.

3. **Why is BC replacing the 2 ½ month grace period currently in use with a Health Care FSA?** This new Carryover provision offers participants greater flexibility that did not exist in prior years. In order to provide this more flexible feature, the IRS requires that we eliminate the 2 ½ month grace period for our Health Care FSA participants.

4. **When will the rolled over Health Care FSA funds be available for use?** Carried-over funds will be rolled into your account as of January 1, 2016. However, for expenses incurred in 2016, any 2016 election amount will be drawn down first, and then 2015 carried-over funds will be used.

5. **Will Debit Card elections be updated to reflect the Health Care FSA rollover amounts?** Yes, you may access the carried-over funds using your debit card.

6. **Does the Carryover apply to the Dependent Care FSA?** No, the Carryover only applies to the Health Care FSA.

7. **If I do not elect a Health Care FSA for 2016, but I have leftover Health Care FSA funds from 2015, will those funds be carried over into a 2016 FSA?** Yes, for active employees, even if you do not elect a Health Care FSA for 2016, any unused available balance from 2015, up to a limit of $500, will be rolled over for you to use during 2016.

8. **I may want to elect to contribute $2,500 (the maximum allowed amount) into the Health Care FSA for the 2016 plan year. If I have funds from my 2015 Health Care FSA to roll over, won’t my Health Care FSA exceed the $2,500 maximum?** Yes, but it is allowable for your Health Care FSA account to exceed the $2,500 maximum annual deferral as long as no more than $2,500 is deducted from your pay on an annual basis.

If you have any questions regarding this provision, please contact the Benefits Office via email to benefits@bc.edu.