

# Health FSAs Allowed to Carryover Unused Balance

November 04, 2013

This alert should interest employers sponsoring a health flexible spending account (FSA). On October 31, 2013, the IRS issued guidance allowing health FSAs that do not use a grace period to be amended to permit up to \$500 of unused benefits to be carried over to the following plan year. A calendar year health FSA that wants to permit 2013 assets to carryover to 2014 must adopt an amendment providing for this carryover on or before December 31, 2013. A fiscal year health FSA can allow carryover from its current year as long as it adopts an amendment providing for this carryover on or before the last day of the current plan year. A copy of this IRS guidance can be found at <http://www.irs.gov/pub/irs-drop/n-13-71.pdf>. For more information, please contact the Carlton Fields attorney with whom you usually work, or the author of this Legal News Alert.

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