The Health Care FSA Carryover
Making Your FSA Go Further

TRI-AD
a subsidiary of navia

integrated health and wealth benefits administration

The Internal Revenue Service (IRS) permits employers to offer a "carryover" amount in Health Care FSA Plans and Limited FSA Plans, allowing unspent FSA money to roll into future plan years. If your employer has chosen to add this feature to your FSA, here is what you need to know.

- You may be required to participate in the Health Care FSA plan the following plan year in order to carry over balances or your carryover will expire after a certain period of time. Check your Summary Plan Description and other plan materials to determine any limitations in your plan.
- The carryover does not count toward your annual maximum Health Care FSA limit in the year into which it is carried over. You can elect the maximum amount and have a carryover amount in the same plan year.
- Any unspent amount over the employer's carryover limit is still subject to the "use it or lose it" rule and will be forfeited. Plan your expenses carefully.
- You will not have to take any action to carry over unused amounts at the end of each plan year. TRI-AD will automatically carry over the unused amounts, up to the plan limit. You can access your account information through TRI-AD's website at www.tri-ad.com.
- During your plan's run-out period (the time allowed in a new plan year to submit claims for the prior year's expenses), you are reimbursed first from any available funds from the prior plan year that are in excess of the carryover amount.
- After the plan's run-out period, expenses for the current year will come first from the current year's election, then from the carryover balance.
- If you terminate employment, unused FSA amounts, including any carryover amounts, are forfeited unless you elect to continue FSA participation through COBRA, if eligible.
- If your spouse participates in a Health Care FSA through their employer and both plans offer the carryover, both spouses can carry over up to their employer's carryover limit.
- The carryover applies to Health Care FSAs only; you cannot carry over Dependent Care FSA funds.

Example:

If you have $880 remaining at the end of the plan year, and your employer allows $680 to carryover, the $680 will carry over into the next plan year, which can be used to pay for prior year expenses during the run-out period or expenses in the new plan year. The remaining $200 will not carryover but can be claimed during the run-out period for prior plan year expenses.

Important Note: *Employers have several options when offering Flexible Spending Accounts. Different features are available in each plan. Plan features can change each year.* ***Always check your Summary Plan Description, enrollment materials, or official plan documents to see what is available in your plan.***

Contact Information

Phone: 1-888-844-1372 (Monday – Friday 5:00 a.m. to 5:00 p.m. Pacific Time)
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On the Web 24/7 at www.tri-ad.com

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Health Savings Accounts and the Carryover Provision

If you have a high deductible health plan (HDHP) and a Health Savings Account (HSA), your employer may offer a Limited FSA (LFSA) that generally only covers eligible dental and vision expenses. If you were previously enrolled in an HDHP with a Limited FSA and enroll in a non-high deductible health plan (e.g., an HMO or PPO plan) in the current plan year, you can enroll in a regular Health Care FSA. If you have funds remaining in your LFSA from the previous plan year, up to the amount specified by your employer, the funds will carry over into the Health Care FSA in the current plan year.

You do not have to make an election in the Health Care FSA; the carryover will happen automatically. Conversely, if you currently have a non-high deductible health plan (e.g., an HMO or PPO plan) and a Health Care FSA, and in the new plan year you enroll in an HDHP/HSA with an LFSA, any unspent money up to the carryover amount, specified by your employer, remaining in your Health Care FSA at the end of the plan year will carry over into your LFSA in the current new plan year.

Examples

Example 1:

You participated in the Health Care FSA this year, have a balance of $680 at the end of the plan year, and your employer allows a $680 carryover.* If you elect the HDHP/HSA with LFSA for the next plan year, you can carry over $680 to use in the following ways in the new plan year:

1. **Submit claims for any eligible Health Care FSA expenses (e.g., medical, dental, or vision) you incurred in the prior plan year. The claims must be submitted during your plan's run-out period. Run-out period claims must be submitted online – do not use the debit card.**
2. **Submit claims for eligible LFSA expenses (e.g., dental or vision). You can submit claims for these expenses at any time during the current plan year. This represents the carryover amount changing from allowing Health Care FSA-eligible expenses to Limited FSA-eligible expenses.**

Example 2:

You participated in the HDHP/HSA with LFSA this year, have a balance of $680 at the end of the plan year, and your employer allows a $680 carryover. * If you elect a non-HDHP type of health plan (e.g., HMO) for the next plan year, you can carry over $680 to use in the following ways once the new plan year begins:

1. **Submit claims for any eligible LFSA expenses (e.g., dental or vision) you incurred in the prior plan year. These claims must be submitted during your plan's run-out period. This represents the carryover amount changing from allowing Limited FSA eligible expenses to Health Care FSA eligible expenses.**
2. **Submit claims for any eligible Health Care FSA (e.g., medical, dental, or vision) expenses incurred in the current plan year.**

In both examples above, since IRS rules (for 2026) state that the maximum amount your employer can allow for a carryover is $680, the "use it or lose it" rule applies to any amount above $680. If you do not submit claims for eligible expenses incurred during the prior plan year during your plan's run-out period in the new plan year, you will forfeit the amount above the $680 carryover.

Employers can allow a carryover of an amount less than $680. See your Summary Plan Description, enrollment materials, or official plan documents.