



Healthcare Flexible Spending Account Update

Moving from Grace Period to Carryover

What's a Healthcare Flexible Spending Account (HCFSA)?

An HCFSA is a reimbursement account offered by your employer to help you pay for eligible medical expenses. At the beginning of the plan year, you choose the amount you want to contribute to your account from your paycheck. HCFSA's have "use or lose" rules, meaning you are encouraged to use your HCFSA funds before the end of the plan year or you risk losing the unspent money.

Using your funds just got easier.

Your employer previously offered a grace period, which provided extra time after the plan year's end to spend unused funds. However, any remaining money would be forfeited after that grace period.

Now, your HCFSA will have a **carryover option** instead. This means you may be able to carry over up to \$640 of unused funds into the next plan year. This amount will not count toward the annual contribution limit and will not expire before the plan year's end, unlike the grace period option.

However, any funds over the carryover maximum will be forfeited by Internal Revenue Code rules at the end of the plan year.

Book an appointment with your American Fidelity account manager to explore this new option.

Contribution and Carryover Limits

The Internal Revenue Service establishes the maximum contribution and carryover limits for HCFSA's.

2024 maximum annual contribution amount: \$3,200

2024 maximum annual carryover amount: \$640

An employer may set their plan's HCFSA and carryover maximums at or below the IRS maximum amounts.



Spend Smart

For a list of eligible expenses visit:
americanfidelity.com/eligible-expenses

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