What is a Rollover?

My FSA has a Rollover What Does That Mean?

A flexible spending account (FSA) allows a participant to contribute pretax earnings to pay for qualified medical expenses, including co-pays, prescription medications, chiropractor visits, eyeglasses, and more.

But what happens if you don't use all the money in your account during the calendar year?

FSA's were traditionally a use-it-or-lose-it account—you were only able to use an FSA for one calendar year, which means any money leftover at the end of the year was forfeited. But the U.S. Treasury Department amended the original use-or-lose rule for these accounts to allow some funds to roll over at the end of the plan year.

According to the new rules, employers may allow a maximum of $550 in unused funds in a health-related FSA to be rolled over from the previous year into the following plan year. (Refer to your employer's plan to determine the maximum rollover allowable amount).

For example, if you elected to contribute $2,000 for a year, but only spent $1,800, you could carry over the remaining $200 to use next year. Keep in mind, if you only spent $1,400, you could still carry over $550, but you would lose the remaining $50.

NOTE: A sum rolled over from a previous year does not count against the next year's contribution limit. In addition, sums carried over can continue to be carried over in subsequent years.

Contribution Amount

Yearly Spend

Balance to Rollover (per your employer's benefit plan – max $550). Balance over allowed rollover amount forfeited.

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