Building Your Strategy:
FLEXIBLE SPENDING ACCOUNT (FSA)

tip 1

YOU NEED BOTH TYPES

Most employers (95%) offer both Medical and Dependent Care FSAs. A Medical FSA can be used by an employee, their spouse, and dependents for medical purposes only. Dependent Care FSAs are commonly used to cover costs for child daycare or care for adult dependents.

tip 2

HELP WITH HSA ELIGIBILITY

Currently, only **24% of employers offer a Limited FSA**. However, this plan is growing in popularity, and is expected to be offered more as time goes on. Limited FSAs ease employees' transition to HSAs and can be a financial buffer for employees who need to build their HSA balance for medical expenses.

tip 3

LET EMPLOYEES TAKE CONTROL OF THEIR FUNDS

Based on BRI clients, **65% offer an FSA Rollover, 20% offer an Extended Grace Period (EGP) and 15% forfeit excess funds**. FSA Rollover is a growing trend, as it minimizes employees' risk of losing funds and ensures HSA compatibility. As employers move toward more HSA-compatible health plan options, EGP is becoming less popular.

tip 4

CHOOSE YOUR ENDING WISELY

Half of all plans offer a 90 day runout period after the plan year ends to submit claims for expenses incurred over the course of the previous plan year. While this gives employers a longer period of breathing room, a 60-day run-out may be preferred if you are using a rollover and want to provide employees with access to prior year funds earlier in the plan year.

tip 5

PICK YOUR FUNDING STRATEGY

Funding based on deposits makes employers' lives easier – it simplifies the reconciliation process, and is easy, predictable, and relatively handsoff. As such, it's no surprise that **nearly 9 out of 10 plans (86%) fund based on deposits rather than claims paid**.

Unless otherwise stated, all data points are based on plan trends and usage statistics from plans administered by Benefit Resource, LLC.