

Rolling Medical FSA

GIVE EMPLOYEES THE BENEFITS AND VALUE THEY WANT MOST

The Department of Treasury issued Notice 2013-71 permitting flexible spending account plans to roll over Medical FSA funds at the end of the plan year to the next plan year. IRS Notice 2020-33 indexes this rollover limit to 20% of the annual limit. Amend your plan today to get the benefits of a Rolling Medical FSA.

WHAT THIS MEANS FOR EMPLOYERS & EMPLOYEES

There are many benefits to a Rolling Medical FSA.

INCREASED ENGAGEMENT

A Rolling Medical FSA nearly eliminates the fear and risk of losing funds, resulting in a more attractive and engaging benefit for employees.

HIGHER SAVINGS

A Rolling Medical FSA provides higher savings for both employers and employees. In fact, plans that have already adopted it have seen average participation rates increase by 30% and overall election amounts increase by over 10%.

| | CURRENT FSA SAVINGS | POTENTIAL SAVINGS (\$500 Rollover) |
|----------------------------|---------------------|------------------------------------|
| Eligible Participants | 500 | 500 |
| No. of Participants | 150 | 195 |
| Avg. Election per Employee | \$1,250 | \$1,375 |
| Total Amount Withheld | \$187,500 | \$268,125 |
| EMPLOYEE TAX SAVINGS* | \$56,250 | \$80,438 |
| EMPLOYER FICA SAVINGS* | \$14,344 | \$20,512 |

*Example assumes 30% tax rate for employees and 7.65% FICA tax rate. Actual savings may vary.

BETTER CONSUMER BEHAVIORS

By removing the “use-or-lose” aspect of a Medical FSA, there is no longer an incentive to use up funds at the end of a plan year. Employees may ask about generic drugs, investigate alternative treatments and avoid wasteful spending. When consumers become more cost conscious, it helps to control the overall costs of healthcare.

GETTING STARTED

In order to get started with a Rolling Medical FSA, just follow these quick steps.

STEP 1: CONTACT US

Contact your Regional Manager or email us at AE@BenefitResource.com indicating you would like to offer the Medical FSA rollover.

We will help you determine the specifications of your plan rollover. These may include the amount of the rollover, timing of when it will be added and if your plan should accommodate HSA eligibility.

STEP 2: AMEND YOUR PLAN

BRI will provide amended plan highlights reflecting the specifications for your Medical FSA rollover.

STEP 3: COMMUNICATE THE CHANGE

BRI provides a comprehensive communication kit to help you introduce the Rolling Medical FSA in order to maximize enrollment and participation.

STEP 4: ADMINISTER THE ROLLOVER

Employees will continue to have access to prior year funds for prior year expenses during the run-out period. Following the run-out period, any remaining funds will be rolled and available in the new plan year.