



Carryover Changes – Medical FSA

At the end of the plan year, you may allow a carryover in which participants may move a portion of their unused account balances to the next plan year, even if the participant did not re-enroll in the plan. Any unused funds (exceeding the Carryover/Rollover maximum) are forfeited to the employer.

Carryover occurs after the transition period (claims runout period) end date. During the runout period, participants in past and current plan years may request reimbursements from both respective plan years.

Why should you consider making a change?



The IRS has increased the \$500 limit on carryover for 2020 to \$550. The notice allows plan sponsors to amend the plan to increase carryover amounts for their 2020 as long as the plan amendment is made by the end of the 2020 plan year. Please note: these changes are *optional* for employers but require a Plan Amendment/Summary of Material Modification (SMM) should the employer want to extend these changes for their plan.

Things to Know:

- **Increasing or implementing a carryover is allowed**
 - **Changes to carryover may require a two-week notice**
Due to high demand for plan changes, administrators may require a two-week notice before extending or implementing a carryover.
 - **Carryover does not apply to all accounts**
Carryover is not used in conjunction with accounts that have grace period. Carryover is commonly used for Healthcare FSA, Parking Accounts, and Transit Accounts.
- Consider the following carryover need:**
 - Employee has leftover FSA funds they couldn't spend due to stay-at-home mandates and quarantines.
 - Implementing a carryover allows employees to use their leftover funds into the next plan year.

Additional Resources

We want to help! You don't need to be a TASC customer to call our hotline or download our helpful documents.

General questions on this information	Want us to make changes to your TASC plan?	Want guidance for another benefits TPA?
 <p>Call our Special Forces COVID-19 hotline: Call 1-833-433-1002</p>	 <p>Contact us to do all or part of this work effort for you: 1-888-595-2261, or Get Started.</p>	<p>Share our How-To document with your administrator: Get Started.</p>



Why TASC?

For more than 40 years, TASC has been a leader, an innovator, and a partner of employers committed to ensuring the health, wealth and well-being of their employees and their employees' families and community. TASC was a pioneer in assisting sole-proprietor farmers and small businesses save billions in tax dollars through the adoption of health reimbursement plans; challenging many ill-informed IRS auditors, accountants, and naysayers along the way. TASC, through FlexSystem, brought the idea of a Cafeteria Plans to large and small businesses; challenging the notion that such plans were burdensome, complicated and difficult to administer.

There from the beginning of Section 125, TASC has brought its knowledge and expertise forward with the idea that together we can improve lives of many, strengthen our communities, and make benefits feel like benefits. TASC understands that each employers circumstance is different. TASC offers its guidance based upon the wealth of its experience as an employer and as a benefits administrator. It is not legal or tax advice and should not be taken as such but is offered to prompt knowledgeable inquiry of your plan professionals and provoke thoughtful plan decision making.

TASC provides its clients with an audit guarantee with respect to serviced tax advantaged accounts. Subject to certain conditions and restrictions, this guarantee provides that in the event a client suffers an adverse finding by the IRS or Department of Labor, despite following TASC's plans and procedures, resulting in interest charges and/or assessed penalties, such interest and penalties will be covered by the guarantee.