



# FSA Grace Period

To reduce your potential FSA forfeitures under the FSA 'Use-It-or-Lose-It' rule, your Plan Sponsor has elected to use an FSA Grace Period.

## WHAT IS AN FSA GRACE PERIOD?

Your Flexible Spending Account's "Grace Period" can provide up to 2 ½ months\* for you and your qualified dependents to incur claims after the close of the Plan Year from the previous Plan Year's funds. This benefits you by extending the period in which you may incur expenses to be applied to the previous Plan Year. This feature offers the potential for you to reduce your FSA forfeitures.

All claims must be submitted before your Plan's claim submission deadline\* to apply.

*\*Please reference your FSA Plan Document for your Plan's specific Grace Period length and claim submission deadline. These items are determined by your employer (Plan Sponsor).*

## EXAMPLE:

Assume that you elect an annual benefit under a Health Care Reimbursement Account of \$1,200. At the end of the Plan Year, you have only incurred \$1,000 of eligible expenses. Instead of forfeiting the remaining \$200, any eligible expenses incurred during your Plan's "Grace Period" will be treated as having been incurred in both the Plan Year in which the expense was incurred as well as the preceding Plan Year. This means that if you incur an eligible expense of \$500 during the Plan's "Grace Period," \$200 of the expense would be treated as having been incurred during the prior Plan Year and the remainder of the expense (\$300) would be treated as having been incurred during the Plan Year in which the expense was actually incurred.

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