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Left over, not lost: Your FSA carryover



What is a FSA carryover?

A flexible spending account (FSA) carryover allows you to transfer unused FSA funds (up to IRS limits, or a lower limit set by your employer) from one plan year into the next. These funds are available immediately at the start of your new plan year. Any amount above the limit is still subject to forfeiture.

Key rules to know

Your employer must offer it

Carryovers are an optional feature. Verify in your plan documents if your plan offers it.

Only health care FSAs and limited purpose FSAs qualify

The IRS carryover feature applies only to health and limited purpose FSAs. Dependent care FSAs do not qualify for carryover and are still subject to the use-it-or-lose-it rule (but, an extension period may apply).

Carryover doesn't affect new plan year contributions

You can still contribute up to the maximum limit for the new plan year.

Health savings account (HSA) enrollment considerations

Rolling over FSA funds may impact your eligibility to contribute to an HSA, particularly if funds are available for general medical expenses. Consult your benefits administrator to understand your options.

SMart Planning Tip

Avoid intentionally over-contributing to your FSA. Since you can only roll over up to the maximum limits set by your plan, any balance above that amount will still be forfeited. Calculate your estimated health expenses each open enrollment and adjust your next-year election accordingly.

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