



November 15, 2013

Dear Enrolled FSA Participants,

Flexible spending accounts (FSAs) are more compelling than ever now that the government has modified its “use-it-or-lose-it” rule. You can now rollover up to \$500 of unused FSA funds at the end of the plan year, to be used the following plan year.

FSAs have always been a great way for you to budget for out-of-pocket healthcare expenses. Contributions to the FSA are deducted from your paycheck on a pre-tax basis- reducing your taxable income and increasing your spendable income by an average of 30% of your annual contribution. The government has modified its use-it-or-lose-it rule to allow up to \$500 of unused FSA funds to rollover for use in the following plan year. Now you no longer have to underestimate your annual healthcare expenses for fear of forfeiture. Now, you can maximize your tax savings by maximizing your contributions up to the \$2,500 annual limit.

The benefits of the new FSA rule:

- ✓ Rollover up to \$500 of unused funds to the following plan year
- ✓ The rollover amount does not affect the following year’s maximum contribution amount – you can still contribute up to the maximum allowance of \$2,500
- ✓ Maximize your tax savings by increasing your contribution
- ✓ The new rule does not affect run-out periods
- ✓ Your entire annual election is still available at the beginning of the plan year

The risk of forfeiting funds has been greatly reduced. The stress of choosing the “right” election amount has been eliminated. Increasing your contribution amount will automatically increase your tax savings. Enroll today to enjoy the benefits of the new FSA.

Sincerely,

Flexible Benefit Administrators, Inc.

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