FSA Plan Features

- All of the below are **Employer** chosen options.
- The Employer can choose a specified number of **Run Out** days up to 90 days.
- The Employer can choose ***either*** the **Grace Period** ***or*** **Roll Over** options (not both).

Runout

Run Out is the amount of time a reimbursement must be submitted for the prior plan year. 90 days is the maximum Run Out period allowed by the IRS for an FSA Plan (RHS automatically applies the 90 day run out, unless the Employer specifies otherwise).

Example: *ABC Co. Employees have until March 31, 2027, to submit reimbursement for their previous year's FSA Plan. So, ABC Co. has a 90 day Run Out.*

Grace Period

Grace Period is the amount of time that is added to the end of the prior plan year in which FSA funds can be spent. 75 days or March 15th is the maximum Grace Period allowed by the IRS for FSA Plans. An Employer ***cannot*** choose both the Grace Period and a Roll Over, only one is allowed by the IRS for FSA Plans.

Example: *ABC Co. has a 75 day Grace Period for their FSA Plan for the previous plan year. So, an employee has an additional 75 days to spend all their funds from their previous plan year FSA account, and the* ***dates of service*** *can be from the first date of the previous plan year until March 15th of the following plan year (e.g., 1/1/2026 – 3/15/2027).*

Roll Over

Roll Over is an option that allows up to $700 of unused FSA funds to be 'rolled over' into the next plan year. An Employer ***cannot*** choose both the Roll Over and Grace Period, only one is allowed by the IRS for FSA Plans.

Example: *NEW Co. has a Roll Over plan for 2027. If an Employee does not spend 100% of their FSA money in 2027 by the Run Out date, on the first of the month following the run out date, any amount up to $700 of the account balance will automatically Roll Over into the current plan year FSA account.*

Redwood Health Services

Call **800-548-7677, ext 121** for more information.

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