

# SouthFlex - Grace Period

The grace period provision provides for a delay to the "use it or lose it rule" under traditional FSA plans. The grace period allows for money remaining in a Health FSA at the end of a plan year to carry over to cover eligible expenses incurred through the 15th day of the third month after the plan year ends. Keep in mind, this does not eliminate the "use it or lose it rule" completely. Any unused amounts from the prior plan year that are not used to reimburse expenses by the end of the grace period remain subject to the "use it or lose it rule" and must be forfeited.

## How does this affect my Health FSA?

Let's say, for example, your plan year runs from January 1 through December 31. Under a traditional FSA plan without the grace period provision, any money remaining in your Health FSA at the end of your plan year on December 31 would be lost. Under the grace period provision, you have a grace period from January 1 until March 15 of the new plan year to incur eligible expenses. You will be reimbursed for these expenses from money remaining in your Health FSA from the immediately preceding plan year ending on December 31. All Health FSA reimbursements issued during the grace period will be processed as "first dollar in, first dollar out."

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In an effort to help you prevent the potential loss of any remaining prior year funds, requests for e