**Grace Period for Flexible Spending Accounts**

The USG Flexible Spending Accounts have a special option called a Grace Period. The grace period allows participants with remaining Flexible Spending Account balances at year end to have an additional 2 1/2 months (until March 15) of the following year to incur additional eligible expenses and use prior year funds to pay for these expenses.

**Q. Who is eligible for the grace period?**

A. All participants who are actively participating as of the last day of the plan year (December 31st) are eligible for the grace period.

**Q. How does the grace period work?**

A. The following example illustrates how it works. Sam contributed $1,000 during 2014 to his Healthcare Flexible Spending Account. His remaining balance is $300 on Dec. 31, 2014. In January 2015, Sam incurs $200 in expenses. He can use the $300 remaining from 2014 to pay for the $200 of expenses just by swiping his US Bank flexible spending account MasterCard. If Sam doesn't have additional expenses between Jan. 1 and March 15, he will forfeit the remaining $100.

Here's another example: Mary contributed $2,500 to her 2014 Healthcare Flexible Spending Account. She has a balance of $125 on Dec. 31, 2005. On March 1, 2015, Mary incurs $350 in eligible expenses. She swipes her card to pay for the eligible expenses. The $125 will be deducted from her remaining balance for 2014. The remaining balance of $225 will be deducted from her 2015 healthcare flexible spending account contributions. Mary will not forfeit any of her 2014 funds.

**Please note: These two examples are processed using the US Bank flexible spending account MasterCard.**

**Run-out period**

If an employee decides to pay for any expenses upfront and send in a paper or faxed claim form, the employee has until March 31, 2015 to file these claims during the run-out period. Any claims incurred between January 1, 2014 and December 31, 2014 must be sent in for reimbursement to US Bank, if the employee is using paper claim forms process, by the March 31st deadline or the employee will forfeit their remaining 2014 balance.

**Employees or retirees who terminate employment during the year and have an FSA balance**

**Q. How long does an employee or retiree have after he/she leaves employment to use the FSA funds?**

A. The employee or retiree has 90 days from the date of termination to request reimbursement of the FSA funds. The date of service of the eligible expenses must be prior to the termination date and during the plan year of the termination date. This information should be communicated to all employees and retirees who are leaving your institution and have a flexible spending account. Please include this information on your exit interview checklist or letter if you do not currently have it incorporated in your document.