

Grace Period with Benefit Card – Frequently Asked Questions

What is the grace period extension?

This feature creates a grace period that immediately follows the end of the plan year. During this time frame, you may incur expenses and use the funds remaining in your account toward eligible FSA expenses. The grace period begins on the first day immediately following the last day of the plan year, and in most cases, ends two months and 15 days later. For example, your plan year ends December 31; the grace period is two months and 15 days. Beginning January 1 through March 15 of the following year, you can incur expenses and use the remaining funds left in your FSA.

Please note: Not all FSA plans include a grace period extension, and the time allotments are pre-determined by employers. For example, your employer may choose to shorten the grace period. Check your summary plan description (SPD) to see if your plan includes this feature and to verify the time limit for filing claims.

How do I become eligible for the grace period?

To take advantage of the grace period, you must be one of the following:

- An active participant in the health and/or dependent care FSA on the last day of the plan year to which the grace period relates
- A qualified beneficiary who is receiving COBRA coverage under the health FSA on the last day of the plan year

Will my entire account balance be available during the grace period?

Yes. All of your remaining account balance will be available during the grace period.

Can I use my CONEXIS Benefit Card to make purchases during the grace period?

Yes. During the grace period, benefit card transactions are paid from the remaining health FSA funds from the previous plan year. When the previous year's funds have been depleted, eligible health FSA expenses will be paid using funds from the current plan year.

How does the grace period differ from the run-out period?

A grace period extends the time that you have to incur eligible expenses. The run-out period is when expenses incurred during the previous plan year or grace period must be submitted for reimbursement.

The run-out period for expenses incurred during the plan year and expenses incurred during the grace period end on the same day. For example, on December 31, your plan year ends, but your plan includes a 90-day run-out period. You have until March 31 to submit claims incurred from January 1 to December 31 of the previous year.

How is a manual claim reimbursed if I reenrolled in my FSA and still have funds left from the previous plan year?

Eligible expenses incurred and approved for reimbursement during a grace period are paid first from any remaining funds from the previous plan year and then from any funds available in the current plan year. Claims are paid in the order in which they are received. If claims are submitted out of order, CONEXIS will provide a one-time reallocation at the end of the run-out period.

What is the "use-it-or-lose-it" rule?

The IRS created the "use-it-or-lose-it" rule. It requires you to use your FSA funds to reimburse qualified expenses incurred during that plan year or grace period. After the run-out period ends, funds left over are forfeited (including funds your employer may have contributed). The unused portion of your FSA cannot be paid to you in cash or other benefits, and you can't transfer money between FSAs. To reduce the risk of losing money at the end of your plan year, carefully estimate your expenses when choosing your annual election amount.