## **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.

## So, 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

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