

Annual FSA Plan Reconciliation & Forfeitures

- Medical FSA has an experience gain with respect to a year of coverage if total premiums paid is greater than total claims reimbursements and reasonable administrative costs for year.
 - Employers have four alternatives that comply with IRS rules relative to utilization of plan forfeitures
 - Defray reasonable administrative expenses of the plan.
 - Reduce required premiums for the following year.
 - Increase the annual coverage amount in the following year.
 - Return to participants in the form of cash on a uniform per capita or weighted average basis.
 - These alternatives do not apply to Dependent Care FSA plan forfeitures as they are not subject to ERISA's plan asset rules.
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