**Partial Relief from the “Use it or Lose it” Rule**

Great News! Due to recent tax law changes, you will now be able to participate in your Healthcare Flexible Spending Account (FSA) for 2014 and be able to carry over to 2015 any unused balance up to $500.

This effectively eliminates the “Use-it-or-Lose-it” Rule if your annual election amount is $500 or less. Please note the following:

* This new provision applies to the Healthcare Flexible Spending Account as well as the Limited Purpose Healthcare Flexible Spending Account. (assuming the client has one)
* If you have a balance in your Healthcare Flexible Spending Account at the end of the 2014 Plan Year, after submitting all of your receipts for eligible expenses, you will be able to carry over your remaining balance up to $500 to 2015.
* For the Healthcare Flexible Spending Account there is no minimum contribution required for 2014.
* You are able to make your contributions pre-tax, which means that you will save social security, federal income and Pennsylvania income taxes. If you are like most employees you will save at least 25 percent or more of your contributions in taxes.
* Your election amount for 2014 is available to you as of January 1, 2014, even though the entire amount has not been withheld from your pay.
* You will be able to use the Harrison Group Advantage Card™ to pay for eligible expenses as well as submit manual claims that will be reimbursed by check or by direct deposit to your bank account.
* If you participate in the Limited Purpose Healthcare FSA, you can pay for your dental and vision costs from your FSA rather than your HSA so that you can accumulate more funds in your HSA to pay for your medical expenses.
* If you have a carryover balance at the end of 2014, there is no requirement for you to make additional contributions in 2015 in order to continue to use your remaining balance.

Unless you do not expect any medical, dental or vision expenses, you should seriously consider becoming a Healthcare Flexible Spending Account participant for 2014.

Please contact Human Resources if you have any further questions.