



Carryover Provision Amendment Request

Based on original guidance, PacificSource Administrators, Inc. structured the administration of the Carryover Provision to require employees to be a participant in the Health FSA on the last day of the plan year as well as be eligible on the first day of the next plan year to carry over unused amounts from one year to the next.

IRS Notice 2015-87 released in late December 2015 provides further guidance regarding the Carryover Provision. Based on this guidance, employees with coverage through the last day of the plan year (including participants enrolled in COBRA or voluntary Premium Completion Agreement) *are eligible* for the Carryover Provision, regardless of whether the employee is eligible on the first day of the next plan year. However, employers now have the option to amend the Carryover Provision to require an employee *to make a minimum salary reduction* in the new plan year in order to carry over unused amounts from the previous plan year.

If we do not receive an amendment request **prior to your plan renewal**, PacificSource Administrators **will default your Carryover Provision** to allow employees with coverage through the last day of the plan year (including participants enrolled in COBRA or voluntary Premium Completion Agreement) to carry over unused amount to the next plan year, even if they do **not** have a minimum salary reduction in the new plan year. For those employees that have carryover only, fees for the entire plan year will be charged to the employer. *We would prefer you respond so your decision is clear.*

This amendment cannot be retroactive; it can only be effective at the renewal of the next plan year. Please check one option below, sign, and return this form before your renewal date.

I want to keep our existing Health FSA Carryover Provision:

The Carryover Provision **will allow** employees to carry over unused amounts into the new plan year when they are a participant in the Health FSA component as of the last day of a plan year, even if they do **not** have a minimum salary reduction in the new plan year. *For those employees that have carryover only, fees for the entire plan year will be charged to the employer.*

I want to amend our existing Health FSA Carryover Provision:

The Carryover Provision **will require** employees to be a participant in the Health FSA component as of the last day of a plan year and make a minimum salary reduction election to the Health FSA component for the next plan year in order to carry over unused amounts to the next plan year. *Employees who do not elect a minimum salary reduction in the new plan year will forfeit their unused amounts after the 90-day runout period.*

Printed name

Company name

Title

Phone number

Signature

Date

Return this amendment to:

PacificSource Administrators at psasales@pacificsource.com or by fax: (800) 575-1109.