



# Understanding the Grace Period

## Grace Period for Healthcare Flexible Spending Accounts

### How it Works

Your employer has elected to offer a grace period for Healthcare Flexible Spending Account (also known as a Healthcare FSA or HCFSA) participants. The grace period allows an additional 2 ½ months following the end of your plan year in which you are allowed to incur HCFSA claims and still receive reimbursements. This means you have an additional time to “use” HCFSA funds before you “lose” them!

### Important Facts

- You may incur expenses for an additional 2 ½ months following the end of your plan year and get reimbursed for eligible medical expenses.
- If you have funds left in your HCFSA from the previous year, the claim will be paid from those funds first.
- If there are no funds left in your HCFSA for the previous year and if you have elected to participate in the HCFSA during the new plan year, the claim will be paid from your new plan year’s HCFSA, to the extent your elected amount has not been used.
- Terminated employees may also utilize the grace period as long as you were an actively employed HCFSA participant (or utilizing COBRA) on the last day of the plan year.
- If the claim amount is larger than the balance remaining in your HCFSA for the previous plan year, the claim will be paid first from your previous plan year’s HCFSA and the remainder will be paid from the new plan year’s HCFSA, to the extent your elected amount has not been used.

### Did you know?

- You have three months following the end of your plan year to submit claim documentation.
- The grace period only applies to the HCFSA, not your Dependent Care Account.

Visit with your American Fidelity Assurance Company account manager for more information.

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