**Remind Employees of the 2015 use-it-or-lose-it rule on FSAs.** In 2015, an employee could exclude up to $2,550 of salary contributed to a flexible spending account (FSA) plan. Employees should know that to claim reimbursement of the entire account balance of a traditional FSA, they must incur enough qualified medical expenses by Dec, 31, 2015; leftover money reverts to the employer.

 If the employer’s plan allows for it, employees should be told they have until Mar. 31, 2016, to submit receipts and claim reimbursement using 2015 FSA contributions for expenses up to Dec. 31, 2015.

 There are a few exceptions to the use-it-or-lose-it rule--- if your firm adopted one of them in the plan’s written documents.

The March 15 grace period exception. As noted above, expenses incurred between Jan. 1 and March 15 of the following year can be applied against the previous year’s FSA contributions until the balance is exhausted. If the plan has this provision, then expenses incurred by March 15 of the following year cannot be applied against that year’s contributions until the previous year’s contributions are exhausted.

The $500 annual carryover exception. Employers also have the option to allow employees to carry over up to $500 each year of the FSA balance. This amount is exempt from the use-it-or-lose-it rule. But accumulating $500 in carryovers in multiple years is not allowed. For example, employees carries over $500 from 2015 to 2016 and at the end of the year has an FSA balance of $1,000, he can carry over only $500 to 2017, the other $500 reverts to the employer.