

Background/Supporting Information

The IRS Code Section 125 states that Flexible Spending Account (FSA) amounts remaining unclaimed after the end of the plan year should be first used by employers to offset administrative expenses. Other options covered in the code are either not efficient or cost effective for the City to handle. Additionally, these funds can not be used for HRA/VEBA contributions and they can not be held in an interest bearing account. Rather than leaving these funds unused, Human Resources would like past and future forfeited funds to apply to all FSA related administrative costs.

Note that Human Resources and Finance have reviewed the use of funds and have agreed to how any unused dollars will impact the Self Insurance account.