

## Annual FSA Plan Reconciliation & Forfeitures

- Medical FSA has an experience gain with respect to a year of coverage if total premiums paid is greater than total claims reimbursements and reasonable administrative costs for year.
  - Excess can be returned to participants as dividends or premium refunds, however, it must be allocated among participants on a reasonable and uniform basis
    - Reduce required premiums for the immediate following year
    - Can reimburse claims incurred above the elective limit in the immediate following year as long as it's done in a nondiscriminatory manner
    - Cannot be allocated among participants based on individual claims experience
    - Cannot be allocated directly or indirectly to any deferred compensation benefit plan
  - Retained by the employer maintaining the plan and could help offset losses caused by terminated employees.
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