



Don't Blame Us! It's the IRS's Fault!

The Internal Revenue Service (IRS) published contradictory statements in two separate news releases explaining the maximum carryover amount for flexible spending arrangements (FSAs) for 2024 and 2025.

The IRS's choice of terms in its news releases has led to confusion as to what the maximum carryover amount of unused funds to 2025 truly is. Even Google got caught up in the frenzy by citing the wrong amount to 2025.

Here is the actual rule:

The maximum carryover amount from the 2024 plan year to be carried to the 2025 plan year is **\$640**. The maximum carryover amount from the 2025 plan year to be carried to the 2026 plan year is **\$660**.

Here is what the IRS wrote:

In a November 2023 News Release, the IRS made a correct statement:

"For FSAs that permit the carryover of unused amounts, the maximum 2024 carryover amount to 2025 is \$640."

In a November 2024 News Release, the IRS confusingly stated:

"For FSAs that permit the carryover of unused amounts, the maximum carryover amount to 2025 is \$660, increasing from \$640 in tax year 2024."

It would have been better if the IRS had said the maximum 2025 carryover amount to 2026 is \$660.

Additionally, the Service would not have made a change to amounts so late in 2024.

Please reach out to our office if you have any questions.

The content herein is provided for educational and informational purposes only and does not contain legal advice. Please contact our office if you have any questions about compliance requirements applicable to your employee benefit plans or other HR compliance matters.

January 27, 2025



Haynes Benefits PC | 2600 Grand Blvd. Suite 410 | Kansas City, MO 64108 US