



IRS: Healthcare FSA reminder: Employees can contribute up to \$3,300 in 2025; must elect every year

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WASHINGTON — The Internal Revenue Service reminds taxpayers that during open enrollment season for flexible spending arrangements (FSAs) they may be eligible to use tax-free dollars to pay medical expenses not covered by other health plans.

An employee who chooses to participate in an FSA can contribute up to \$3,300 through payroll deductions during the 2025 plan year. Amounts contributed are not subject to federal income tax, Social Security tax or Medicare tax.

If the plan allows, the employer may also contribute to an employee's FSA. If the employee's spouse has a plan through their employer, the spouse can also contribute up to \$3,300 to that plan. In this situation, the couple could jointly contribute up to \$6,600 for their household.

For FSAs that permit the carryover of unused amounts, the maximum carryover amount to 2025 is \$660, increasing from \$640 in tax year 2024. The carryover doesn't affect the maximum amount of salary reduction contributions that can be made.

It's important for taxpayers to annually review their health care selections during health care open enrollment season and maximize their savings.

Eligible employees of companies that offer a health flexible spending arrangement (FSA) need to act before their medical plan year begins to take advantage of an FSA during 2025. Self-employed individuals are not eligible.

Expenses to consider

Throughout the year, taxpayers can use FSA funds for qualified medical expenses not covered by their health plan. These can include co-pays, deductibles and a variety of medical products. Also covered are services ranging from dental and vision care to eyeglasses and hearing aids. Interested employees should check with their

employer for details on eligible expenses and claim procedures.

Before enrollment (if an employer offers an FSA), review any expected health care expenses projected for the year. Participating employees should plan for healthcare activities when they calculate their contribution amounts. Consider:

- Updating medicine cabinet with necessary supplies.
- Big ticket expenses.
- Seasonal needs such as allergy products, sunscreen or warm steam vaporizers.
- Routine checkups or visits with specialists that regular insurance plans do not cover.
- Many over-the-counter items that are FSA eligible.
- Eye exams or dental visits: Out-of-pocket costs for dental and vision care are also covered by an FSA.

Employers are not required to offer FSAs. Interested taxpayers should check with their employer to see if they offer an FSA. Also, all FSAs are subject to plan terms which may be more restrictive than the maximums allowed under the law, including both the maximum dollar amounts and the expenses covered. More information about FSAs can be found at [IRS.gov](https://www.irs.gov) in Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.