

Paychecks and taxes

Don't leave money behind: your FSA and other work benefits

Have an FSA at work? Know your deadline, use what's left on things you need, and choose next year's amount with care. Then check what else you might be missing.

5-minute read • Updated October 2026 • Checked against its sources



The short version

- ✓ Health FSA money is generally use-it-or-lose-it. Your plan may add a grace period of up to 2½ months or a carryover, but not both.
- ✓ For plan years that start in 2026, you can put up to \$3,400 in a health FSA, and a plan can let you carry over up to \$680.
- ✓ Other money is easy to miss too: an employer's retirement match, a dependent care FSA and refundable tax credits like the EITC.

From a nonprofit. Every volunteer adviser is a fiduciary, which means they must put your interests first. We never sell your information.

Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

1

If you have an FSA at work, start here

This guide is mostly for people with a health flexible spending account, or FSA, through work. If that's not you, skip ahead to the last section. There may be other money waiting for you.

An FSA lets you set aside part of your pay for medical costs. You choose an amount, and your employer takes it out of your paychecks. You don't pay federal income tax or employment taxes on that money.¹ So every dollar you spend from it goes further.

The catch is the deadline. FSAs are generally “use it or lose it” plans: money left at the end of the plan year generally can't be carried over.¹ And plenty of people lose some.

About half

of FSA holders forfeited some of their money to their employer in 2023

The average forfeiture was \$436.

Source: Employee Benefit Research Institute, Updates From EBRI's Flexible Spending Account Database (May 22, 2025)

That finding comes from the Employee Benefit Research Institute, which studies its own database of FSA accounts.² Life gets busy, and money that lives behind a login is easy to forget. A quick check of your account can keep yours from slipping away.

2

Know your plan's deadline

Start with your plan year. It may match the calendar year, or it may not. Your plan can also give you a little extra time, in one of two ways. It can offer one or the other, but not both, and it doesn't have to offer either.¹

A grace period

- Up to 2½ months after the plan year ends.¹
- Leftover money can pay for expenses you have during that time.¹
- For a plan year that ends December 31, that means about mid-March at the latest.

A carryover

- Lets you use some leftover money in the next plan year.¹
- Capped at \$680 for plan years that start in 2026.³ Your plan can set a lower cap.¹
- Anything above the cap is lost.¹

Your plan's documents or benefits website will say which rule you have. While you're there, find the last day to send in claims for the year, and put it on your calendar.

3

Use what's left on things you need

If you have money left, look for costs you'd have anyway. An FSA can pay for the medical costs your plan covers. Those are generally costs that would count for the tax deduction for medical expenses.¹ For example:

- Visits to doctors, dentists and other medical providers that you pay for yourself.⁴
- Glasses and contact lenses you need for medical reasons.⁴
- Over-the-counter medicines, with or without a prescription, and menstrual care products.¹

- Medical supplies such as bandages. ⁴

A health FSA can't pay your health insurance premiums. ¹ And keep your receipts. Your plan needs written proof of each expense and its amount from someone other than you, like the pharmacy or the doctor's office. ¹

i If money will be lost anyway

At the deadline, money you'd otherwise lose is better spent on things you'll really use, like bandages or over-the-counter medicine you use often. Skip things you'll never use. If a little is left over, treat it as a lesson for choosing next year's amount, not a failure.

4

Choose next year's amount with care

You set your FSA amount for the plan year during your employer's open enrollment. Once the plan year starts, you can change it only if the law and your plan allow it. ¹ For plan years that start in 2026, the most you can put in a health FSA is \$3,400. ³ You don't have to put in the most. A good amount is one you're confident you'll spend.

Start with the costs you can predict: regular prescriptions, planned dental work, glasses or contacts, and your usual copays. If your plan has a grace period or a carryover, you have a little room for the unexpected.

i An example

Say you expect \$30 a month for a prescription and \$250 for new glasses. That's \$360 plus \$250, or \$610 for the year. Choosing about that much makes it likely you'll use every dollar.

There's one helpful rule on your side. Your full yearly amount is available from the start of the plan year, even before it has all come out of your pay. ¹ So a big expense early in the year can still be covered.

☐ **Try this today**

Log in to your FSA account. Write down your balance, your plan's deadline, and whether you have a grace period or a carryover. Then set a reminder a month before the deadline to check again.

5

Other money that's easy to miss

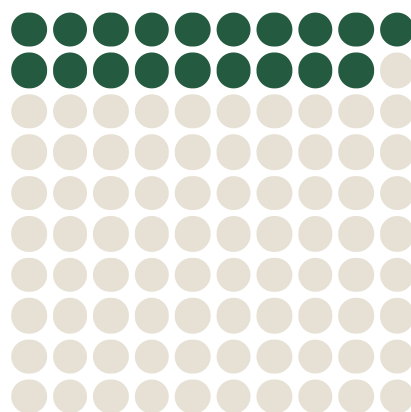
An FSA isn't the only money that's easy to leave behind. Here are a few more to check:

- **Your employer's retirement match.** In March 2026, 72% of private-industry workers could join a retirement plan at work, but 52% took part. ⁷ If your employer matches what you put in, that match is part of your pay. If you can, put in at least enough to get all of it.
- **A dependent care FSA.** If you pay for child care so you can work, this lets you set aside money for it before taxes. For 2026, the limit is \$7,500, or \$3,750 if you're married and file separately. ⁵ Money you put through it lowers the child care costs you can count for the child and dependent care tax credit, so it's worth comparing the two. ⁶
- **A health savings account (HSA).** If you have a high-deductible health plan, an HSA is another way to save for medical costs. One catch: you generally can't put money into an HSA while you're covered by a regular health FSA, including a spouse's FSA that can pay your medical bills. A limited-purpose FSA, which pays for things like dental and vision care, can work alongside an HSA. You also can't contribute once you're enrolled in Medicare. ¹ Unlike an FSA, the money stays in your account until you use it, even if you change jobs. ¹ For 2026, the limit is \$4,400 for self-only coverage or \$8,750 for family coverage. ⁵
- **Commuter benefits.** Some employers let you pay for transit passes or work parking before taxes. For 2026, the limit is \$340 a month for each. ⁵

Then there are tax credits you have to claim. The Earned Income Tax Credit (EITC) is for people who earn less than certain limits from working. It's refundable, so it can pay you even if you owe no tax. ⁹ Yet many people who qualify don't get it.

About 1 in 5 people who qualified for the EITC didn't claim it

Eligible taxpayers who didn't claim the Earned Income Tax Credit, tax year 2022



19.2%

of eligible workers and families didn't claim the EITC for tax year 2022

Estimated by the Census Bureau's Center for Economic Studies with the IRS, by linking survey answers to tax records.

Source: Internal Revenue Service, EITC participation rate by state (Updated August 19, 2026)

The IRS says it's best to file even if you don't have to, because many people who qualify for refundable credits miss out by not filing. Its EITC Assistant can tell you whether you qualify.⁹

*Good financial decisions aren't always about big changes.
Sometimes they're about paying attention at the right moment.*

Our guide to [reading your pay stub](#) shows where many of these benefits appear on your paycheck. And if you'd like help deciding which ones are worth it for you, a volunteer adviser can go through them with you, one-on-one and for free.

Online: advisersgiveback.org/resources/dont-skip-the-stub/

A volunteer adviser is ready when you are.

A volunteer adviser can look at your numbers with you and help you decide what to do first.

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