



509 W. 5th Street, Red Wing, MN 55066
goodhuecountymn.gov

To: Goodhue County Commissioners
From: Jessica Ahlbrecht, HR Manager
Date: September 10, 2025
Re: 2026 Flexible Spending Account (FSA) Limits

Goodhue County offers flexible spending accounts (FSA) for employees to set aside money on a pre-tax basis for qualifying expenses. There are 3 types of FSA's:

1. Traditional health care flexible spending account
2. Limited purpose flexible spending account
3. Dependent care flexible spending account

Each year, the IRS reviews and updates the contribution and carryover limits associated with FSA's.

<u>FSA Plan Type</u>	<u>2026 Contribution Limit</u>	<u>2026 Carryover Limit</u>
Traditional health	<i>not yet announced</i>	<i>not yet announced</i>
Limited purpose	<i>not yet announced</i>	<i>not yet announced</i>
Dependent care	\$3,750-\$7,500	Not applicable

While the IRS has not yet announced the 2026 contribution and carryover limits for traditional health and limited purpose FSA's, we expect modest increases to align with past trends of \$50-150 increases to contribution limits and \$0-30 increases to the carryover limit.

The dependent care FSA contribution limits will increase dramatically in 2026 – up 50% after a 40-year stagnation. This benefit supports the working parents and caregivers within our organization. This plan does not allow any carryover of funds from one plan year to another.

No board action is required as Goodhue County FSA plans will automatically adjust to the new contribution and/or carryover amounts on January 1, 2026.