

IMPORTANT COVID-19 UPDATE

NEW COVID PACKAGE INCLUDES FSA RELIEF

Yesterday evening, President Trump signed the [COVID-19 relief bill](#) into law, extending billions of dollars in coronavirus aid and averting a government shutdown that was set to begin on Tuesday. One of the many provisions in the law now provides employers an opportunity to allow those who have flexible spending accounts (FSAs) to roll over remaining dollars in their accounts from 2020 to 2021 and from 2021 to 2022. These changes are especially beneficial in a year as unpredictable as 2020.

As a result of the COVID-19 pandemic, many employees who funded FSAs in 2020 may have used only some of the money or none at all. To address these issues, the COVID-19 relief package now includes a number of “temporary” special rules for health and dependent care FSAs. The headlines of what is included are below:

- Provides employers the “option” to amend their cafeteria plans and health and dependent care FSAs to allow employees to:
 - Carryover unused amounts from plan year ending in 2020 to the 2021 plan year
 - Carryover unused amounts from plan year ending in 2021 to the 2022 plan year
 - Provide a 12-month grace period at the end of the 2020 and/or 2021 plan years
- Provides employers the “option” to amend their health and dependent care FSAs to allow employees to make prospective election changes for plan years ending in 2021 (with no change in status).
- Provides employers the “option” to allow employees who cease participation in a health FSA during calendar 2020 or 2021 the opportunity to receive post-termination reimbursements from unused benefits or contributions through the end of the plan year in which such participation ceased (including grace period if applicable).

These changes are optional for employers. If employers adopt them, plan amendments must be made, but employers have time to do so. Plan amendments must be made by the end of the first calendar year beginning after the end of the plan year in which the amendment is effective, provided the plan must be operated consistent with the terms of the amendment beginning on its effective date (e.g., for calendar year 2020 plan year, plan amendments must be adopted by December 31, 2021; for July 1, 2020 to June 30, 2021 plan year, plan amendments must be adopted by December 31, 2022).

Conner Strong & Buckelew is prepared to assist plan sponsors in determining how plans may be configured to enable the above described FSA changes should employers choose to implement them. We will also provide a more detailed update on these and other benefits related provisions included in the new law.

Conner Strong & Buckelew will provide alerts and updates as new information becomes available. Please contact your Conner Strong & Buckelew account representative toll-free at 1-877-861-3220 with any questions.

Please visit our [COVID-19 Resource Center](#) for more information.

