

## Coronavirus Relief and Spending Package

On December 27, 2020, President Trump signed the \$900 billion coronavirus relief and spending package which will provide COVID-19 aid with government funding through September 2021. Assistance provisions relating to Flexible Spending Accounts (FSA), both health care and dependent, are included in the law.

**All provisions are optional and can be elected separately from one another.** It is important to note that each of these provisions are currently intended to be temporary.

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## FSA Relief Provisions

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### UNCAPPED CARRYOVER

Allows employers to amend their health care and dependent care FSAs to provide for an uncapped carryover of unused health care or dependent care contributions.

- Allows for plan years ending in 2020 to carry into 2021.
- Allows for plan years ending in 2021 to carry into 2022.

### EXTENDED GRACE PERIOD

Permits more expansive grace periods for both health care and dependent care FSAs for plan years ending in 2021 or 2022.

- Allows for extending the grace period for 12 months following the end of the plan year.

### HEALTH CARE FSA SPEND DOWN

Specifically permits health care FSAs to reimburse individuals after they are no longer an active participant (e.g., to incorporate a “spend down” provision) in the plan.

- An employee who terminates participation in the FSA plan during calendar year 2020 or 2021 may continue to receive reimbursements from unused benefits or contributions through the end of the plan year in which the employee ceased participation.
- It is unclear whether the spend down applies just to unused contributions as of the termination date or the entire elected amount. Additional IRS guidance is likely on this provision.

## DEPENDENT CARE FSA AGE LIMIT

For the 2020 plan year, extends the maximum age of eligible dependents from 12 to 13 (not yet reached their 14th birthday) for dependent care FSAs.

- Eligible reimbursement for those dependents who would normally have aged out will be limited to remaining funds in the 2020 plan year dependent care FSA.

## ELECTION AMOUNT CHANGES

Allows plans to be amended to permit election amount changes for health care and dependent care FSAs for plan years ending in 2021 without a corresponding change in status or qualifying event.

- This essentially extends the mid-year change rule from the Coronavirus Aid, Relief, and Economic Security (CARES) Act previously set to expire 12/31/2020.

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While this is a developing topic NueSynergy will continue to review, initial assessments indicate you will have roughly 12 months from your plan end date to update plan documents to permit these changes. Amendments to your plan can be made retroactively for the 2020 plan year.

NueSynergy will continue to provide important updates regarding the coronavirus relief and spending package as new information becomes available.

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## ADDITIONAL LEGISLATIVE REFERENCES

The 29-page ***H.R. 133 Division by Division Summary of COVID-19 Relief Provisions*** can be found at: <https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/Summary%20of%20H.R.%20133%20Coronavirus%20Relief%20Provisions.pdf>.

The entire 5,593-page ***Consolidated Appropriations Act, 2021*** is available in its entirety at: <https://docs.house.gov/billsthisweek/20201221/BILLS-116HR133SA-RCP-116-68.pdf>.