

Important FSA Notice

June 2020



Extension for Flexible Spending Account (FSA) Balances

We are happy to announce the Internal Revenue Service (IRS) has authorized use of 2019 - 2020 FSA balances through December 31, 2020.

As your employer, we amended our plan documents to allow this extension for both Health and Dependent Care FSA balances that may have otherwise been forfeited. The following examples demonstrate how the extension provides the flexibility which is much needed during these uncertain times.

Example 1:

Health FSA allows a \$500 carryover for the 2019 plan year (July 1, 2019 to June 30, 2020)

- Employee has a remaining balance in Health FSA at June 30, 2020 of \$2,000 due to postponing medical treatment
- Employee reschedules the procedure before December 31, 2020 and incurs and submits \$1,900 in medical expenses
- There remains \$100 unused from the 2019 plan year*
- Employee can use the remaining \$100 in health FSA until June 30, 2021

**If this Health FSA allowed for the 2.5-month Grace Period, the \$100 balance at December 31, 2020 would be forfeited.*

Example 2:

Health FSA allows a \$500 carryover for the 2019 plan year (July 1, 2019 to June 30, 2020)

- Employee has a remaining balance in Health FSA at June 30, 2020 of \$600 due to postponing purchase of eye-glasses and other anticipated health care
- Employee elects to contribute \$1,000 to their 2020-2021 FSA
- Employee purchases eyeglasses and a variety of over-the-counter FSA-eligible items totaling \$650 before December 31, 2020 and pays for all items using his/her FSA Flex Card
- There remains \$0 unused from the 2019 plan year* and \$950 from the 2020 plan year
- Employee can use the remaining \$950 in health FSA until June 30, 2021 at which time \$550 can be rolled over

Mid-Year Election Changes

The IRS is also allowing temporary flexibility during calendar year 2020 only for mid-year election changes to your Health or Dependent Care FSA. Again, as your employer we have amended our plan documents to allow this flexibility through December 31, 2020.

What does this mean? You may make changes such as adding, terminating, decreasing, or increasing your FSA election(s) until December 31, 2020. Terminations and decreases in the election will be permitted to the higher of either current contributions or claims paid.

For example:

Employee Election: \$1,000

Claims Paid To Date: \$500

Contributions Made To Date: \$600

- Employee may decrease their election amount to the higher of the Claims Paid amount and the Contributions Made amount
- Employee may decrease election from \$1,000 to \$600



What's Next? Log into your Benefit Strategies' FSA Account at benstrat.com or using the Benefit Strategies Mobile App to check your balance(s).

Plan to use any balance remaining from 2019-2020 before December 31, 2020. There is no grace period after December 31, 2020 for submitting receipts.

Questions? Contact Benefit Strategies Customer Service at **1-888-401-3539**
Monday - Thursday 8 a.m. to 6 p.m.
Friday 8 a.m. to 5 p.m.