



FURTHER<sup>SM</sup>

## COVID Relief Bill

What it means for your FSA & DCAP plans

Ryan McArton  
Chief Compliance Officer

# COVID relief bill overview

- Also known as the Consolidated Appropriations Act, 2021
- Signed into law on Sunday, December 27, 2020
- Impacts flexible spending accounts (FSA) and dependent care assistant plan (DCAP) accounts

# Things to know

- These changes are not mandatory for plans to adopt
- Groups can choose to elect any/all of the new legislation
- These are not permanent changes to the FSA and DCAP

# General rules

- **DCAP/FSA Carryover**
  - Permits health and dependent FSAs to carry over all unused amounts from 2020 to 2021 and from 2021 to 2022.
- **DCAP/FSA Grace Period**
  - Permits a 12-month grace period for unused benefits or contributions in health and dependent care FSAs for plan years ending in 2020 or 2021.

# General rules

- **FSA Spenddown**
  - Permits health FSA participants who terminate during the 2020 or 2021 plan year to spend down their unused balances for expenses incurred through the end of the plan year in which the termination occurred, including any grace period.

# General rules

- **DCAP age increase**
  - Extends the maximum age of eligible dependents from 12 to 13 for dependent care FSAs for the 2020 plan year and for unused amounts from the 2020 plan year carried over into the 2021 plan year.

# General rules

- **DCAP/FSA Election Changes**
  - Permits a change in election amounts for plan years ending in 2021 without a corresponding change in status event.
  - Applies to health and dependent care FSAs.

# Things to think about

- Plan amendment updates not required until the last day of the next year.
- Changes to FSA may cause plan to pay more than is contributed.
- Consider qualifying when an election change is allowed.
- Grace Period/Carryover FSA impact to HSA.



**Questions?**

**Thank you**