

Flexible Spending Account Update

Temporary Relief for COVID-19



On December 27, 2020, in response to the COVID-19 pandemic, Congress passed the Consolidated Appropriations Act of 2021. This Act provides additional temporary relief to Health Flexible Spending Accounts and Dependent Care Flexible Spending Accounts. Below are the provisions the State of North Carolina is temporarily adding to your plan.

The \$550 Maximum Limit on the Health FSA Carry Forward is Removed

Under the new legislation, the maximum carry forward limit of \$550 is temporarily removed, which allows you to carry forward any unused funds from your Health FSA. This applies to the 2020 and the 2021 plan year. If you have unspent funds in your 2020 Health FSA, those dollars will roll over into the 2021 plan year; if you have unspent funds in your 2021 Health FSA, as well as unspent funds still left over in your 2020 Health FSA, those dollars will roll over into the 2022 plan year.

TEMPORARY NEW RUN-OUT PERIOD/LAST DAY TO SUBMIT CLAIMS

Your run-out period is the period of time after a plan ends when you can submit claims for expenses incurred during the plan year. For the 2020 plan, the last day to submit claims is April 30, 2022. For the 2021 plan year, the last day to submit claims is March 31, 2023.

Your Dependent Care FSA Grace Period is Extended by 12 Months

Your Dependent Care FSA grace period, which gives you additional time to incur eligible dependent daycare expenses and use your funds, is typically March 15. Under the new provision, however, your grace period is extended for 12 months after the plan year ends, December 31. This provision applies to your 2020 and 2021 plan year.

ADDITIONAL TIME TO USE YOUR ACCOUNT

With the extension of the grace period, you have significantly more time to use your Dependent Care FSA and exhaust your funds.

- For the 2020 plan year, your plan began on January 1, 2020 and ended on December 31, 2020. With the temporary 12 month extension, your 2020 Dependent Care FSA is extended to December 31, 2021. This means you have from January 1, 2020 - December 31, 2021 to use your 2020 Dependent Care FSA contributions.

TEMPORARY NEW RUN-OUT PERIOD/LAST DAY TO SUBMIT CLAIMS

Because your Dependent Care FSA grace period is temporarily extended, the last day to submit claims will also be temporarily altered. For the 2020 plan, the last day to submit claims is April 30, 2022. For the 2021 plan year, the last day to submit claims is March 31, 2023.

