

Employee Update

Due to the circumstances of the COVID-19 outbreak, the IRS has released guidelines that allow for a Spend Down/Grace Period.

Spend Down Period

The IRS has released guidelines for the following changes to your HealthCare FSA or Dependent Care Assistance Program (DCAP) plans. It is now permitted that you may spend down all remaining funds in your account until December 31, 2020. Any remaining funds in your account up to \$500 as of December 31, 2020, will be deposited into the new Plan Year as additional funds on January 1, 2021.

Another change that has been implemented is an increase to the carryover amount for FSAs.

Carry Over

In addition to the COVID provisions, the IRS has presented new guidelines to allow more flexibility for taxpayers. Part of these guidelines included an increase in the maximum carryover (roll/over) amount starting plan Year 2020-2021. The new carryover limit will be \$550, so any remaining funds up to \$550 will roll from your 2020-2021 Plan Year into your new Plan Year 2021-2022.

