

**Flexible Spending Account Open Enrollment Deadline
Postponed to Tuesday May 26, 2020
Due to COVID-19 Guidance for Cafeteria Plans**

The IRS has released COVID-19 GUIDANCE UNDER § 125 CAFETERIA PLANS - Notice 2020-29 regarding the rollover of funds which could not be used in the plan year ending June 30, 2020 due to the COVID-19 pandemic. This notice provides increased flexibility with respect to grace periods to apply unused amounts in health FSAs to medical care expenses incurred through December 31, 2020, and unused amounts in dependent care assistance programs to dependent care expenses incurred through December 31, 2020.

PWCS will amend the FSA plan to incorporate the IRS Covid-19 Guidance as it relates to medical care expenses and dependent care expenses. We understand that this may change an employee's allocation for the new plan year beginning July 1, 2020 and have accordingly postponed the open enrollment deadline for the FSA to Tuesday, May 26, 2020. If you have not yet enrolled, *or if you wish to change your enrollment allocation*, please do so at www.padmin.com no later than May 26, 2020.

The following is an example of how funds will be rolled over and available for use:

- Employee has a remaining balance in a health FSA of \$2,000 on June 30, 2020, because a scheduled non-emergency procedure was postponed.
- For the new plan year beginning July 1, 2020, an employee elects to contribute \$2,000 to the health FSA.
- Employee incurs \$1,900 in medical care expenses between July 1, 2020 and December 31, 2020.
- The employee may be reimbursed \$1,900 from the \$2,000 remaining in the health FSA at the end of the plan year on June 30, 2020, leaving \$100 unused from the previous plan year.
- Under the plan terms that provide for a carryover, the employee may use the remaining \$100 in the health FSA until June 30, 2021, to reimburse claims incurred during the new plan year.
- The employee may be reimbursed for up to \$2,100 (\$2,000 contributed to the health FSA for the new plan year plus \$100 carryover from the old plan year) for medical care expenses incurred between January 1, 2021 and June 30, 2021.
- In addition, the employee may carry over to the plan year beginning July 1, 2021 up to \$550 of any remaining portion of that \$2,100 after claims are processed for the plan year that began July 1, 2020.
- A grace period will not be available for the plan year ending June 30, 2021.

At this time, we are awaiting further guidance from P&A Group relating to specific procedures for claiming reimbursement under these new guidelines. PWCS will pass the information along as it becomes available.

If you have questions, please contact the PWCS Office of Benefits and Retirement Services at Benefits@pwcs.edu.