

Important Changes Related to the Flexible Spending Plan

As part of the latest COVID relief bill (the Consolidated Appropriations Act), there were several provisions introduced that impact Flexible Spending Account (FSA) plans. Town of Amherst has adopted the following:

1. **Allowing a full carryover of Health Care and Dependent Care FSA funds from 2020 to 2021.** This provision allows for 100% of your remaining Health Care and Dependent Care FSA funds to carry over from the plan year ending 6/30/2020 to the plan year ending 6/30/2021. Additionally, we will also be allowing for 100% of leftover funds to carry over from the plan year ending 6/30/2021 to the plan year ending 6/30/2022.

Administrative note: Dependent Care funds will remain in the plan year in which they were contributed; however, you will still be able to incur expenses through the following plan year. Please keep this in mind when viewing your balance on the Sentinel online portal and/or mobile app. While your remaining Dependent Care funds will continue to be reflected in the prior year, you may submit claims for dates of service up through the current plan year. Additionally, when filing a claim online or via the Sentinel mobile app, please be sure to select the prior plan year (the plan year with the balance remaining from last year) when choosing your “Pay From” option. This will allow the claim to draw from the previous year’s balance.

2. **Adopting a special carry forward rule for the Dependent Care FSA where a dependent aged out during the pandemic.** Services for care are reimbursable under a dependent care assistance plan if the care is for a qualifying individual. A qualifying individual includes a dependent of the taxpayer who has not attained age 13. This provision allows for 2020 funds to be used for a dependent who turned 13 in 2020. Similarly, unused funds that are made available in 2021 pursuant to the grace period or carryover extension may be used for a child who is 13 and under during the 2021 plan year.

Administrative note: In order to take advantage of this option, please be sure to select the “Adult” claim category and claim type that references 13 year old child for 2020 rules when you submit your Dependent Care claim online and/or through the Sentinel mobile app.

3. **Allowing mid-year changes** to Health Care and Dependent Care FSA elections *without* an actual Qualifying Life Event for the plan year ending 6/30/2021. Allowable changes include enrolling, revoking, increasing or decreasing elections. To request a mid-year change to your Health Care or Dependent Care FSA election without a qualifying life event, please email Human Resources. **The change will be effective on the next available pay check.** Please note, any request to revoke or decrease your FSA election cannot be an amount *less than* the total amount of claims already paid or contributions made to date...whichever amount is greater (please log into your FSA account online to check this information before making your request). Also, please note that this provision is only available for the plan year ending in 2021 and only allows up to 2 changes.

Administrative note: All mid-year changes are prospective in nature. This means that the election change is effective as of the date that it is made, meaning that contributions made up until that point in the year cannot be refunded or returned. Additionally, election increases will be effective as-of the date the election change was made, meaning that only expenses incurred after that date will be eligible for reimbursement of the higher amount.