Important Changes Related to Your Flexible Spending Account (FSA)

As part of the latest COVID relief bill (the Consolidated Appropriations Act), there were several provisions introduced that impact Flexible Spending Account (FSA) plans – both dependent care and health care. Union College has adopted some of these changes, including the following:

1. **Allowing a grace period extension** to incur Health Care and Dependent Care FSA expenses through December 31, 2021 for the balance remaining in the prior plan year. You will have an additional 12 months to incur expenses that were left over from the plan year that ended on December 31, 2020. All claims must be submitted by March 30, 2022.

   **Administrative note:** When filing a claim online or via the Sentinel mobile app during the grace period extension, 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 dependent 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 decrease Health Care and Dependent Care FSA elections once without an actual Qualifying Life Event.**

   To request a mid-year change to your Health Care or Dependent Care FSA election without being tied to a qualifying life event*, please contact myself or Jennifer Blessing directly. **The change will be effective as of the date of your email request.** 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). **Employees are allowed up to one decrease per FSA plan (Healthcare and Dependent Care) without a qualifying life event.**

   **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.

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*A qualifying life event is defined as situations that cause a change in your life that has an effect on your health insurance options or requirements. The IRS states that a qualifying event must have an impact on your insurance needs or change what health insurance plans that you qualify for.