



DIRECTOR – CIVILIAN BENEFITS CENTER

Date: 2 June 2021

To: All Civilian Employees

Subj: Flexibilities Allowed for the Federal Flexible Spending Account Program (FSAFEDS) During Plan Year (PY) 2020 and 2021

1. On May 20, 2021, the Office of Personnel Management (OPM) released guidance on the flexibilities related to the Flexible Spending Account Program (FSAFEDS) offered under the Consolidated Appropriations Act (CAA), 2021, Internal Revenue Service (IRS) Notice 2021-15 and the American Rescue Plan Act (ARPA or Act) of 2021. The approved FSAFEDS permitted changes include the following:

- Allowing full carryover for a Health Care Flexible Spending Account (HCFSA) and Limited Expense FSA (LEX FSA) to participants who are eligible from PY2020 to PY2021 and then again from PY2021 to PY2022 (i.e., the carryover amount will not be subject to the current \$550 maximum amount).
- Extending the grace period for a Dependent Care Flexible Spending Account (DCFSA); to December 31 for PY2020 and PY2021. Participants do not have to take any action to be permitted these flexibilities; the extended grace period for incurring expenses through the end of 2020 has been applied to their account automatically by FSAFEDS and will also be automatically applied for 2021.
- **A Special Enrollment Period (SEP) from June 1, 2021 to June 30, 2021** for all participants who have enrolled in a 2021 HCFSA, LEX HCFSA or DCFSA will be allowed a one-time opportunity to make a change (increase or decrease) to their annual election amount in each FSA account in which they are enrolled up to the annual contribution limit. The annual contribution limit for HCFSAs and LEX FSAs is \$2,750; for DCFSAs, the annual contribution limit in 2021 is \$10,500 (for single or married filing jointly) and \$5,250 (for married filing separately). The maximum amount in 2022 will return to \$5,000 (for single or married filing jointly) and \$2,500 (for married filing separately).

Current participants can make changes at www.FSAFEDS.com by selecting the “2021 Special Enrollment Period” and select “2021 Special Enrollment Period Increase/Decrease. A Qualifying Life Event (QLE) will not be needed during this special enrollment period. The new election will be effective retroactively to the recent effective date of your FSAFEDS election for 2021.

Existing DCFSA participants may wish to accelerate their allotments now if they intend to increase their election. Current participants can do this by logging in to their online account and adjusting the number of pay periods. If increasing the election during the special enrollment period, consider the amount elected as the allotment could be higher than expected with the increased amount elected being taken in the remaining number of pay periods in 2021.

- **New Enrollments allowed prospectively.** During the Special Enrollment Period, eligible employees will have a one-time opportunity to make an irrevocable election to enroll in HCFSA, LEX HCFSA, and DCFSA. The election will be effective the first day of following pay period. Expenses incurred on the effective date and later are eligible for reimbursement. To enroll for the first time in 2021, go to www.FSAFEDS.com and select the “2021 Special

Enrollment Period” and select “2021 Special Enrollment Period – New Account”. A QLE will not be needed during this special enrollment period.

- An increase in the maximum age from under age 13 to those under age 14 under DCFSA for PY2020 and PY2021 if there are unused funds at the end of 2020. DCFSA participants who are eligible to take advantage of this flexibility may now submit requests to FSAFEDS for reimbursement for “aged out” dependents.

2. Any questions pertaining to the flexibilities of the plans, contact FSAFEDS at www.FSAFEDS.com or by calling 1-877-FSAFEDS (372-3337). FSAFEDS Counselors are available Monday through Friday from 9:00 am to 9:00 pm Eastern time. Thank you,

Kenneth W. DeWert