



# FSA flexibility through the Consolidated Appropriations Act

January 6, 2021

Late last year Congress passed and the president signed the Consolidated Appropriations Act, which included several provisions that are relevant to LCMS ministries. To learn more about the act, including the second round of Paycheck Protection Program loans, [click here](#).

The appropriations act has provisions that provide temporary relief for **health and dependent care flexible spending arrangements (FSAs)**. This relief is especially impactful as many workers were not able to use all of their FSA funds in 2020 and are at risk of losing those funds.

While the act does not allow employers to refund unused FSA amounts, it does have several options that allow workers to access their funds beyond the normal deadlines. Please note that employers are not required to adopt any or all of these options. Any employer interested in making a change or learning more should contact their FSA administrator (see contact information below).

**Carryover:** Workers can carry over uncapped unused amounts from a health or dependent care FSA into 2021 OR employers can extend an existing FSA's grace period from 2 ½ months to 12 months. The act also allows unused amounts to be carried over from 2021 into 2022.

**Dependent age:** For dependent-care FSAs, the law temporarily increases the age of children whose expenses qualify for reimbursement from 12 years old to 13. Once a child reaches age 14, dependent-care expenses no longer qualify for reimbursement.

**Flexibility to make or change elections:** Employers can grant workers greater flexibility to make or change elections. For example, if a worker wants to use 2020 dependent-care funds to pay for 2021 expenses, the employer can allow the worker to reduce his/her 2021 dependent care election. Any such election must be prospective.

**Expenses after participation ends:** For health FSAs, the act provides additional flexibility by allowing for the reimbursement for medical expenses incurred after the worker's participation ends (such as termination of employment).

Please reach out to your FSA administrator to discuss any changes your organization may wish to make. You can reach Further at (800) 859-2144 or Kaiser Permanente at (877) 761-3399.