

Notices 2020-29 & 2020-33

The impact on Flexible Spending Accounts, Dependent Care Accounts and Cafeteria Plans



Recently, the Internal Revenue Service (IRS) released two Notices that impact cafeteria plans and Flexible Spending Accounts (FSAs). Notice 2020-29 provides relief for cafeteria plans in response to the current COVID-19 pandemic, and Notice 2020-33, unrelated to the COVID-19 pandemic, provides a permanent increase to the carryover limit for health care FSAs.

Notice 2020-29 at a glance

Provides temporary relief for cafeteria plans in response to the COVID-19 pandemic. Effective January 1, 2020 and lasts through December 31, 2020.

Cafeteria Plan Mid-Year Election Changes:

- Allows participants to make prospective election changes during calendar year 2020 regarding health care FSAs and dependent care FSAs, regardless of the reason for the election change and with no additional documentation requirements.
- Participants may revoke an election, make a new election, or decrease or increase an existing health care FSA election and dependent care FSA election.

Extended Claims Period for Health Care FSAs and Dependent Care FSAs:

- For grace periods ending in 2020 or for plan years ending in 2020 (i.e., an off calendar year plan), participants can use remaining health care and dependent care FSA amounts to pay or reimburse expenses incurred through December 31, 2020 for the same type of FSA.
- This extension of time is available both to cafeteria plans that have a grace period and cafeteria plans that have a carryover.

Notice 2020-33 at a glance

Provides a permanent increase to the carryover limit for health care FSAs.

- Increases the current carryover amount of \$500 to \$550 to account for inflation.

Questions?

Stay up to date on on COVID-19 related items by checking out MidAmerica's CARES Act page at www.myMidAmerica.com/the-cares-act/. You can also contact MidAmerica at (855) 329-0095 or healthaccountservices@myMidAmerica.com.



PO Box 24927, Lakeland, FL 33802 | (855) 329-0095 | www.myMidAmerica.com