

Temporary Changes to Health & Dependent Care Flexible Spending Accounts (FSAs)

Dear FSA Participant,

Human Resources has chosen to adopt the below temporary changes related to Flexible Spending Accounts (FSAs) as of a result of the Consolidated Appropriations Act of 2021. This notice provides increased flexibility for Health Care, Limited, and Dependent Care FSA participants to carry over unused funds and make midyear changes during the 2021 calendar year.

CARRY OVER ALL UNUSED FUNDS

Employees' entire balance of unused FSA funds will be carried over from 2020 to 2021, and from 2021 to 2022. This carryover flexibility applies to Health, Limited and Dependent Care FSAs. Previously, employees could only carry over up to \$550 from one plan year to the next and this only applied to Health Care and Limited FSAs. Full carryover balances from the 2020 plan year will be available in your [BenefitExpress](#) account after April 1, 2021.

ELECTION CHANGES

- The act temporarily allows participants to make prospective midyear election changes to an existing Health Care, Limited or Dependent Care FSAs (i.e., increase or decrease contributions, or drop an account) for plan year ending in 2021 for any reason. **These changes can only be made prospectively. No retroactive changes are allowed.**
- You may only increase or decrease your 2021 annual election once during the plan year without a corresponding change in life status event.
- Please note that decreases cannot be less than amounts for which you have already received reimbursement from the plan.
- Changes in deduction amounts will be effective the first pay period following the receipt of your election change. The final deadline for submitting changes to your 2021 FSA deduction amounts is November 2021, with the change effective for December 2021 paychecks.
- The 2021 IRS limit for the health and limited FSA is \$2,750. The 2021 IRS limit for the Dependent Care FSA is \$5,000 annually, if married (\$2,500 per spouse).

- Unfortunately, the IRS does not permit a refund of pre-tax dollars that are contributed to an FSA.
- New enrollment is permitted only with a qualifying life status change.

To change your current FSA contributions, please send your request to Human Resources at benefits@luc.edu.

In each plan year, certain qualified changes in life status events may provide an opportunity in which you may start or stop participating, or change the amount of your FSA contribution during the plan year. Contact Human Resources at benefits@luc.edu no later than 31 days from the effective date of qualified life status event (loss of coverage, birth of child, etc.).

CARRY FORWARD FOR AGED-OUT DEPENDENTS IN DEPENDENT CARE FSA

The act also includes a carry-over rule for dependents who aged-out of a Dependent Care FSA during calendar year 2020. Although current rules limit reimbursement of qualifying dependent care expenses to children under age 12, the act allows unused 2020 dependent care dollars to be used on qualifying expenses for children 13 and under, through the end of the 2021 plan year.

Thank you for your thoughtful review of this information. If you have questions please contact Human Resources at benefits@luc.edu or 312-915-6175.

Benefits | Human Resources

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