



2020 PLAN YEAR FSA CAA CHANGES FAQ_s

On December 27, 2020, the federal Consolidated Appropriations Act (CAA) was signed into law. Under this law, employers may adopt certain changes to their Flexible Spending Account (FSA) rules for the 2020 and 2021 plan years. The University will be making a one-time change to a carryover option for unused 2020 Health and Limited Purpose FSA funds, and extending the grace period for the 2020 Dependent Care FSA.

What is an FSA carryover?

An FSA carryover allows employees to carry over a portion of unused funds into the following plan year. Typically employers can allow up to \$500 to carry over. However, the CAA permits employers to allow all unused funds to carry over into the new plan year. Harvard will be adopting the carryover for health care and limited purpose FSAs.

What is the FSA plan year?

January 1 – December 31

Doesn't Harvard already have an FSA carryover?

No. Harvard's FSA plans have a grace period. The grace period allows participants to incur expenses for up to two and a half months after the end of the plan year, provided they were enrolled through December 31. For example, if you were enrolled in a 2019 Health FSA through December 31, 2019, you would have until March 15, 2020 to incur eligible expenses and until March 31, 2020 to file for reimbursement. If your enrollment ends prior to December 31, you can incur eligible expenses through the enrollment end date for Health Care and Limited Purpose FSAs, and through December 31 for a Dependent Care FSA. For the 2020 Plan Year Harvard is adopting the carryover option for the Health and Limited Purpose FSA, as permitted by the CAA. The Dependent Care FSA will continue to have a grace period which has been extended for the 2020 Plan Year, as permitted by the CAA.

Will the carryover affect the amount I can elect for my 2021 Health Care and Limited Purpose FSA?

No. Although the carryover amount is added to your 2021 FSA it does not count toward the annual FSA contribution limit (\$2,750 for the 2021 plan year).

How long do I have to file for reimbursement from my 2020 Health Care and Limited Purpose FSA for expenses incurred in 2020?

You have until June 1, 2021 to file for reimbursement of eligible expenses incurred in 2020.

I want to file for reimbursement from my 2020 Health Care or Limited Purpose FSA but my account shows a \$0 balance. Can I still file for reimbursement?

If you had a balance in your 2020 Health or Limited Purpose FSA that carried over into a 2021 FSA account, you have until June 1, 2021 to request reimbursement. If you are filing a claim through the Benefit Strategies (BSL) Portal or App, select the 2020 Health or Limited Purpose FSA as the "Pay From" account. Eligible funds will move back into your 2020 account (up to the amount that carried over) to reimburse your eligible expenses. If you are filing by paper and submit claims incurred in 2020, BSL will automatically move eligible funds into your 2020 account.

What about the unused funds in my 2020 Dependent Care FSA?

The University is extending the grace period for the 2020 Dependent Care FSA. You can be reimbursed from your 2020 Dependent Care FSA for eligible expenses from January – December 31, 2021 and you have until January 31, 2022 to file for reimbursement.

My child turned 13 in 2020, before I was able to incur enough expenses through my 2020 Dependent Care FSA. Is there anything I can do to recoup the unspent 2020 contributions?

If your child turned 13 in 2020, you can continue to incur eligible expenses against your 2020 Dependent Care FSA throughout the new grace period (January 1 – December 31, 2021). Note, this applies ONLY to the 2020 Dependent Care FSA. You cannot be reimbursed through a 2021 Dependent Care FSA for dependents age 13 or older.

Is there anything else I should know about these changes?

There may be IRS limits on the amount you can be reimbursed in a given year through a Dependent Care FSA. We recommend you speak to a tax professional for details on how you may be affected.

