

Clarity continues to work through the details of the optional provisions included in the **Consolidated Appropriations Act of 2021**. As we have communicated, this Act includes several optional provisions for Flexible Spending Accounts (FSAs), Limited Purpose Flexible Spending Accounts (LPFSA) and Dependent Care Flexible Spending Accounts (DCAs).

In order to provide you an easy way to deliver this additional relief to your employees, we are actively developing a solution that will allow you to approve these provisions or make modifications. This solution will be available by the end of January. This will allow ample time to apply these optional provisions to your Clarity plans.

Again, there is no action on your part at this time other than considering which provisions you would like to offer to your employees. Once this solution is in place, we will communicate the next steps with you.

If you do not currently offer carryover or grace period options, we highly encourage you to take advantage of these new provisions that could help provide much-needed relief to your employees during this time.

Provisions included in the bill that could apply to your plans:

- Increase carryover amount for your FSAs and LPFSAs to \$2,750 and increase the rollover amount for your DCAs to \$5,000 (*Please note: Clarity automatically implemented this provision for Clients with plan years ending 12/31/2020.*)
- Allow employees to carryover any remaining balances at the end of plan years ending in 2020 and 2021 into the following plan year.
- Allow employees who terminate during 2020 or 2021 to spend down unused balances through the end of the plan year. This is similar to what is already permitted for DCAs.
- Extend your FSA, LPFSA and DCA grace period for up to 12 months for plan years ending in 2020 and 2021.
- Extension of the DCA age limit for qualifying children from 13 to 14 for a plan year for which open enrollment ended before January 31, 2020, and for any unspent funds from that plan year that are available (either by rollover or grace period) to the employee during the following plan year.

If you have any questions, please contact your designated Client Relationship Manager or our Employer Services Team at 888-423-6359.

Sincerely,
Clarity Benefit Solutions

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