

New Rules Allow for Greater Flexibility in FSA Benefits

Pepperdine faculty and staff who have leftover funds in their Healthcare and/or Dependent Care Flexible Spending Accounts (FSAs) may benefit from relief included in the 2021 Consolidated Appropriations Act (CAA). New rules will benefit participants who have FSA funds leftover due to 1) closed medical care, school, or daycare facilities, or 2) remote work arrangements in 2020 as a result of the pandemic. To allow for maximum flexibility in your benefits, Pepperdine will implement the following rules effective January 1, 2021.

Carryovers Permitted for Plan Years Ending in 2020 and 2021

As you may know, funds remaining in a Dependent Care FSA at the end of the year are normally forfeited, and only \$500 is allowed to rollover to the next year in a Healthcare FSA. The CAA permits a temporary carryover feature that allows participants to carry over ALL unused funds in your 2020 FSA to 2021, and all unused 2021 funds to 2022. **Chard Snyder, the University's third-party administrator for FSA plans, will process end of year rollovers for any participant with a balance at the end of 2020 and 2021. No action is required by you, the participant.**

Dependent Care FSA Exception for Dependents Who Age Out During Pandemic

While reimbursement of qualifying dependent care expenses is normally limited to children under 13, the CAA temporarily increased the age to 14 for 2020. If your dependent turned age 13 during calendar year 2020 and you have unused 2020 funds, you may now submit claims for those expenses. Any claims against unused 2020 funds must be incurred prior to age 14. There were no

changes to the definition of eligible Dependent Care expenses, therefore online educational expenses remain an ineligible expense for children age five and over.

Permitted FSA Election Changes for Plan Years Ending in 2021

Under normal rules, participants are only allowed to make changes to their FSA contributions during open enrollment or at the time of a qualifying life event. The CAA allows participants to modify their elected FSA contribution amounts at any time of the year, for any reason (subject to the IRS maximum dollar limitations). **Participants who want to make changes to their Healthcare or Dependent Care FSA elections based on any of these relaxed rules may do so by contacting the Pepperdine Benefits Service Center at 310-506-6967.**



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