

Employee Owned



Est. 1864

New COVID-19 Guidance for Section 125 Rules

On May 12, 2020, the IRS released [Notice 2020-29](#), which provides temporary flexibility for mid-year election changes under a Section 125 cafeteria plan during calendar year 2020. The changes are designed to allow employers to respond to changes in employee needs as a result of the COVID-19 pandemic.

This guidance relates to mid-year elections for self-insured and fully insured employer-sponsored health coverage, health flexible spending arrangements (health FSAs) and dependent care assistance programs (DCAPs).

For further details, including a list of permitted election changes, [download the complete legal update](#).

Relief for FSAs and HSAs

The notice also allows plans to permit participants to apply unused amounts in health FSAs to medical care expenses incurred through Dec. 31, 2020, and unused amounts in dependent care assistance programs to dependent care expenses incurred through Dec. 31, 2020. Further, the notice provides that previous relief provided regarding high-deductible health plans and expenses related to COVID-19 regarding a temporary exemption for telehealth services may be applied retroactively to Jan. 1, 2020.

Additionally, the IRS released [Notice 2020-33](#), which increases the limit for unused amounts remaining in a health or limited purpose FSA that may be carried over into the following year to \$550 for 2020.

[Click here for the complete legal update](#).

[View Our COVID-19 Resource Page](#)