

Flexible Spending Account – Dependent Care
Agency Communication

Subject: Flexible Spending Account – Dependent Care

Benefit Coordinators:

The Department of Administrative Services (DOAS)-Human Resources Administration (HRA) Flexible Benefits team has received questions from agencies regarding changes to employees' Flexible Spending Account – Dependent Care (pre-tax) deduction amounts. The question that we are receiving most often is related to a change in work and/or childcare arrangements (caregiver loss) due to the coronavirus pandemic and the resulting executive orders by Governor Brian P. Kemp closing schools statewide and mandating sheltering in place and social distancing.

The appropriate response to the question is that there are certain situations when changes can be made and there is a defined process to request the change. The Internal Revenue Service (IRS), under Section 125, allows the **Flexible Spending Account - Dependent Care** election amount to be changed (increased/decreased/suspended) outside of Open Enrollment when a “qualifying” change or status event occurs.

Your employees may be experiencing the following two qualifying events due to changes in circumstances related to the COVID-19 crisis: The event reasons are:

- A change in employment status for you, your spouse, or dependent that affects eligibility.
- A change in cost or coverage would allow the benefit/payroll reduction change for FSA-DC, depending on the circumstances an employee and dependent(s) are experiencing. The change in cost is not eligible for an election modification if the dependent care provider is related to the employee, is the employee's spouse, or is the employee's dependent. Here are some examples that are allowed:
 - A change in home childcare provider because a relative or friend has agreed to care for the child for free.
 - An employee or spouse changes work schedules (including to or from part-time status).
 - A change in the hours of outside childcare, which would change the amount of eligible dependent care expenses
 - Enrolling in the FSA plan even if they weren't enrolled before the qualifying event.

It is good to keep in mind the other qualifying events, which employees may also experience during this time:

- A change in marital status, such as marriage, divorce, or death of spouse.
- A change in the number of dependents, such as birth or adoption of a child, or death of a dependent.
- A change in benefits eligibility would trigger a change. The employee must be a regular full-time employee who works a minimum of thirty (30) hours per week.
- An event that causes the employee's dependent to satisfy or cease to satisfy an eligibility requirement.
 - For example, a child turns 13 years of age in the context of Dependent Care Flexible Spending Accounts.
- A change in residence for the employee, the employee's spouse, or the employee's dependent.

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The Summary Plan Description (link below) offers additional information regarding changes to FSA-DC due to a qualifying event.

<http://doas.ga.gov/assets/Human%20Resources%20Administration/Flexible%20Benefits%20Resources%20Copy/Flexible%20Spending%20Account%20SPD%202020.pdf>)

Please note the following regarding a reduction in the FSA Dependent Care election:

- If an employee wishes to decrease their FSA Dependent Care election, they should reduce the amount to a minimum of \$1 per pay period. This would allow the employee to access their accrued balance, including any expenses that may arise after the decreased election takes effect.
- If the employee disenrolls from the FSA Dependent Care, they can only access their accrued balance for any expenses incurred up to the date of the election change. Any remaining funds at the end of the year would be forfeited and not eligible for refund.

To report a qualifying change or a change in status event and request a change in the payroll reduction amount, please ask the impacted employee to notify GaBreeze of the change within thirty (30) days after the event occurs via the website www.GaBreeze.ga.gov or by calling the GaBreeze Benefits Center 1-877-342-7339 between 8 a.m. and 5 p.m. ET. Any change made to an employee's "Flexible Spending Account – Dependent Care" must be because of and corresponding with a qualifying change or status event. The employee's change in coverage will be effective the first of the month following the request.

Please work with your payroll department to ensure any FSA-DC amount changes communicated from Alight are reflected in the employee's paycheck.

Thank you and please let us know how we may further assist you.

Flexible Benefits Team