**IRS guidance on FSA regulations**

During these unprecedented times, it remains our top priority to keep you informed and prepared to answer questions from your employees. Our goal is to serve as a trusted resource to ensure you have accurate and timely information about health care spending and savings accounts.

We recognize that laws and regulations may evolve quickly over the coming weeks and months, and there are many unanswered questions at this time. Your employees may have expressed concerns regarding spending capabilities and deadlines for their health care, limited purpose or post deductible health care flexible spending account (FSA) and/or dependent care flexible spending account (DCFSA).

With a number of childcare closings, in addition to specialty health clinics, such as optometry, dental and chiropractic care, due to COVID-19, your employees may be unable to spend FSA funds as initially intended.

We are monitoring the situation and keeping an eye on regulation changes; however, at this time there is no new or altered IRS guidance related to changes in FSA regulations as a result of COVID-19.

Based on current regulations and subject to any restrictions or limitations that may exist specific to individual Plan documents and design, your employees may have existing options to modify their pre-tax elections for a DCFSA to support their needs at this time. Examples include:

- **Suspend your election:** If your daycare has closed and is not billing you for services, you may consider suspending your election. Should you choose to do this you may re-elect once your daycare services resume.
- **Modify your election:**
  - You may increase or decrease your election if your daycare provider has adjusted their fee schedule during this time.
  - If a child is switched from a paid provider to “free care” (i.e. neighbor or relative) or no care. An election change should be permissible whenever there is a change in provider.
- **Add an election:** Should your family needs require that you seek new provider services that have a cost, you may add an election. For example, you could consider hiring a babysitter to care for your children while you are working in your home. This will qualify so long as the babysitter is over the age of 19 and is not your spouse, the parent of the child, or anyone you can claim as a dependent on your tax returns.

Please visit [optumbank.com](http://optumbank.com) for the latest developments and up-to-date information on regulation changes related to health care spending and savings accounts.

We are prepared to partner with you as changes occur to ensure you have necessary information and know what steps to take.

Sincerely,

Optum Bank

This content of this communication is informational only and is not intended as legal, accounting, or tax advice. Flexible spending accounts (FSAs) are administered by OptumHealth Financial Services and are subject to eligibility and restrictions. Federal and state laws and regulations are subject to change.

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