BENEFLEX
A TOWNE FAMILY COMPANY

Dependent Care FSA and Run-Out Period in Light of COVID-19

Almost all employers that sponsor a Dependent Care FSA also provide a run-out period at the end of the plan year. The run-out period is a period of time in the next plan year in which participants can submit claims for reimbursement for expenses incurred in the prior plan year. For plans that run a calendar plan year, a common run-out period is 90 days or until March 31st. Many 2019 FSA calendar plan years have a run-out period expiring in the next few days.

In light of COVID-19, many childcare facilities are closed or shut down. The closures could pose some challenges for Dependent Care participants in obtaining receipts or documentation for reimbursement or flex card payment substantiation. Employers or plan sponsors may consider a temporary change to the run-out for Dependent Care for the Plan Year 2019. The law does not mandate the run-out and the timeline is selected by the employer/plan sponsor. Extending the run-out for Dependent Care an additional 30 days could provide some relief to the plan participants during this time of emergency.

Unless you self-administer your plan, contact BeneFlex or your third-party administrator right away if you are interested in making this change. Dependent Care FSAs are not subject to ERISA so the communication to participants does not need to follow the strict DOL disclosure requirements and can be in the form of an email or other method that you anticipate can reach your participants.

Your plan document should be amended to reflect this change, but it can be done any time prior to the end of the current plan year.