

Election Changes & Payroll Deductions

On Tuesday, May 12, 2020, the IRS issued [Notice 2020-29](#) and [Notice 2020-33](#). These Notices included major changes to Section 125 and FSA benefits that may be financially beneficial to plan participants. Some provisions, however, require adoption by the plan. IRS Notice 2020-29 provides the option for plan sponsors to allow mid-year FSA election changes without a qualifying event.

If adopted by the plan, the Notice allows individuals covered under Section 125 to make mid-year elections for health coverage, Health FSAs, and Dependent Care Assistance Programs, allowing them to respond to changes in needs as a result of the COVID-19 pandemic. All changes must be prospective in nature; however, adoption of this provision removes the need for a qualifying event to have occurred to elect, reduce, or increase FSA contributions.
