

## SUMMARY OF MATERIAL MODIFICATION

**Date:** August 20, 2020

**Plan Administrator:** Commonwealth of Kentucky

**Plan Name:** Kentucky Employees' Health Plan

**Plan Year:** January 1, 2020, through December 31, 2020

**Plan Document Amended:** Flexible Benefits Plan

**Amendment Summary:** The Commonwealth of Kentucky's 2020 Flexible Benefits Plan (Plan Document) was amended to change the carryover for the Health Flexible Spending Account (FSA) from \$500 to \$550. The Plan Document was also amended to relax the mid-year election change rules for Health FSAs and Dependent Care FSAs

**Description of Amendment:** On May 12, 2020, the IRS issued Notice 2020-33, which increased the maximum Health FSA carryover limit to \$550. As a result, the maximum unused amount from a plan year beginning in 2020 allowed to be carried over to the immediately following plan year beginning in 2021 is \$550. Consequently, the Plan Document was amended to permit the \$550 carryover from plan year 2020 to plan year 2021.

On May 12, 2020, the U.S. Treasury Department and the IRS issued Notice 2020-29 that provides increased flexibility for making mid-year elections or changes under a Cafeteria Plan during calendar year 2020 related to employer-sponsored Health FSAs and Dependent Care FSAs. Notice 2020-29 allows employees to do the following:

1. Revoke an election, make a new election, or decrease or increase an existing election applicable to a Health FSA on a prospective basis; and
2. Revoke an election, make a new election, or decrease or increase an existing election regarding a Dependent Care FSA on a prospective basis.

As a result of Notice 2020-29, the Plan Document was amended to permit flexibility in making mid-year elections as outlined in paragraph (1) and (2) above, except that no election will be authorized that reduces an FSA account below an amount already spent by the employee. The flexible mid-year election rules for FSAs are effective June 1, and will be approved only on a prospective basis.