

Summary of CARES Act Impacts on Federal Employee Benefits due to COVID-19

Background: The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a law intended to address the economic fallout of the COVID-19 pandemic.

TSP Impacts: The CARES Act offers temporary loan and withdrawal options to TSP participants affected by COVID-19. The loan options described below will be available no later than June 22, 2020, and that the withdrawal option described here will be available in mid-July 2020. Both the loan and withdrawal options are available to you only if you can certify that you meet one or more of the following criteria:

- You have been diagnosed with the virus SARS–CoV–2 or with coronavirus disease 2019 (COVID–19) by a test approved by the Centers for Disease Control and Prevention.
- Your spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) has been diagnosed with such virus or disease by such a test.
- You are experiencing adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate).

Increased Maximum Loan Amount: The maximum loan amount has increased from \$50,000 to \$100,000 and the portion of your available balance you can borrow has been raised from 50% to 100%. The deadline for applying for the loan with the increased rate will be in September 2020.

Temporary Suspension of Loan Payments: You may also suspend your obligation to make payments on TSP loans for 12 months, which will also extend the term of your loan by 12 months. This applies to all existing loans and loans that are taken in the remainder of 2020. You will have until December 31st, 2020 to have the payments suspended.

CARES Act Withdrawal: You may take a one-time withdrawal of up to \$100,000 from a civilian or uniformed services account. For those still in federal service, the usual requirements that you be at least 59 ½ years old or certify that you meet specific financial hardship criteria are waived. This withdrawal will be eligible for the favorable tax treatment with all of the same options and restrictions. The deadline for applying for this withdrawal will be in December 2020.

-For more information, please visit: <https://www.tsp.gov/whatsnew/Content/index.html>

Flex-Spending Accounts (FSAFEDS) Impacts: There is a new 60-day limited period where participants can make mid-year changes to elections under the Flexible Spending Accounts Program. The limited period begins on 1 July, 2020 and will end in 60 days or 30 August, 2020. During the 60-day limited period, all participants who have enrolled in a 2020 Health Care Flexible Spending Account (HCFSA), Limited Expense Health Care Flexible Spending Account (LEX HCFSA), or Dependent Care Flexible Spending Account (DCFSA) will be allowed to make a one-time change (increase or decrease) in the amount of their annual election in each FSA account in which they are enrolled. In accordance with IRS guidance, the election change is effective prospectively, on the first pay period after approval by FSAFEDS. Accordingly, participants cannot receive a refund of allotments from pay they have already made to their FSA account(s) year-to-date. In addition, participants cannot decrease their election below the amount already allotted to the FSA account OR the amount already reimbursed for eligible expenses, whichever is greater.

Dependent Care Flex Spending Accounts (DCFSA): Extended period to both incur eligible expenses and claim reimbursement of unused 2019 DCFSA amounts until 31 December, 2020.

DCFSA allotments made in 2020 may be increased or decreased during the 60-day limited period, but the grace period for incurring eligible DCFSA expenses with respect to these funds will expire March 15, 2021 and claims for reimbursement will be due by April 30, 2021. Available at <https://www.irs.gov/pub/irs-drop/n-20-33.pdf>.

- For more questions please reference BAL #20-803 <https://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/>

Health Care FSA (HCFSA): As a result of the CARES Act eligible expense were expanded to include the following effective 1 January, 2020.

- Menstrual care products
- Over the Counter (OTC) drugs and medicines without a prescription

IRS Notice 2020-33 has also allowed an increase in the carryover amounts for Health Care and Limited Expense Health care funds from \$500 to \$550. Participants may now carry over up to \$550 of unused amounts in their accounts at the end of 2020 into 2021 if they re-enroll for the 2021 plan year.

- -To verify all eligible HCFSA expenses and for other FSA information, visit <https://www.fsafeds.com/supportor> or call the FSAFEDS Benefits Counselor toll-free at 877-FSAFEDS (372-3337).

- For more questions or concerns you can also reference BAL#20-802 <https://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/>
- To make any of the changes please contact FSAFEDS by visiting www.FSAFEDS.com or by calling 1- 877-FSAFEDS (372-3337) to take advantage of these FSAFEDS Program flexibilities, or for questions and additional information.

For any other questions or concerns regarding any of the information listed above or on any Technician Benefits please contact the HRO Benefits email distro at: ng.oh.oharnq.list.j1-hro-benefits@mail.mil