

HUMAN RESOURCES DEPARTMENT
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Date: November 26, 2013

To: Dee Bruemmer, County Administrator

From: Mary J. Thee, Human Resources Director/Asst. County Administrator

Subject: Health Care Flex Spending Account

The IRS regulations have been modified allowing the County to amend our Health Care Flex Spending Account. It would allow employees a carryover of up to \$500.00 in funds. Currently our plan allows employees to use the funds through March 31 of the following year. If the funds are not expended at that time they are forfeited. The amendment would allow up to \$500.00 to be carried forward and used in the following calendar year. It does not impact the IRS cap of \$2,500.00. Our recommendation is to begin this in the CY14 plan, which would permit carryover into the CY15 year and beyond.

The amendment is attached.

Cc: Cheri Sexton, Benefits Coordinator



PLAN AMENDMENT

**ARTICLE I
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to the (enter name of plan) ("Plan") to reflect changes to Internal Revenue Code (IRC) Section 125(i), as amended by the Internal Revenue Service (IRS) Notice 2013-71. The employer and Plan sponsor intends this Amendment as good faith compliance with the requirements of this Notice. This Amendment shall be effective on or after the date the Employer elects in Section 2.1 below.
- 1.2 **Election of Carryover.** To the extent that the Plan contains "grace period" language, said language for any "grace period" for the health flexible spending account (health FSA) will be voided for Plan years following the Plan year that carryover is adopted and such language shall be replaced with the "carryover" language outlined below.
- 1.3 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

**ARTICLE II
CARRYOVER ELECTION**

- 2.1 **Effective Date.** This Amendment is entered into as of the date outlined below and shall be effective for the 2013 Plan year and beyond or the 2014 Plan year and beyond.
- 2.2 **Carryover Amount.** The Plan shall provide for a carryover of \$500 of any amount remaining unused in a health FSA as of the end of the Plan year. Such carryover amount may be used to pay or reimburse medical expenses under the health FSA incurred during the entire Plan year to which it is carried over.
- 2.3 **Participant Opt Out.** Notwithstanding the foregoing, any Plan participant shall have the right to opt out of the carryover if such participant has already enrolled in a health care savings account for the following Plan year.

This Amendment has been executed as of the date signed.

Signature:

Email:

Title:

Company:

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

December 5, 2013

APPROVAL OF AMENDMENT TO FLEXIBLE SPENDING ACCOUNT PLAN

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the County's Health Care Flexible Spending Account is hereby amended to allow for a \$500.00 carryover in the 2014 plan and beyond.

Section 2. That the Human Resources Director hereby authorized to sign the FSA contracts for services on behalf of the Board.

Section 3. This resolution shall take effect January 1, 2014.