



Flexible Spending Accounts

The healthcare flexible spending account (FSA) and the dependent care flexible spending account (DCFSA) are governed by the IRS. Penn State must follow the IRS qualifying events below to process change requests to your flexible spending accounts. IRS qualifying events may be subject to change based off Federal changes. PSU will follow the IRS guidelines on events regardless of our FSA administrator.

Not sure what may be an IRS guideline that allows a change? Below is a chart outlining IRS qualifying events and how the event may impact your eligibility to change your FSA contributions. If you have experienced an IRS event within the last 31 days, you may submit the “change flexible spending account” benefit event in Workday.

Please keep in mind that there are IRS maximums you can contribute for the plan year. Specific information on maximums, eligibility, and other information may be found here: <https://hr.psu.edu/current-employee/benefits/fsa>

| Qualifying event changes permitted by the IRS | | | | | | | | |
|--|-----------------|----------|-------|----------|--------------------|----------|-------|----------|
| | Health Care FSA | | | | Dependent Care FSA | | | |
| Legal marital Status change - marriage | | | | | | | | |
| | Enroll | Increase | Cease | Decrease | Enroll | Increase | Cease | Decrease |
| Add Dependents | Yes | Yes | No | No | Yes | Yes | No | No |
| a) But if the newly enrolled dependent is already eligible under their own employer's health care FSA and already participates in that FSA | No | No | Yes | Yes | No | No | Yes | Yes |
| b) Coverage for your newly enrolled dependent becomes effective or is increased under other employer's plan | | | | | | | | |
| Enrolled member's new spouse is not employed or makes a dependent care coverage election through their employer | — | — | — | — | No | No | Yes | Yes |
| Legal marital status change – divorce, legal separation, annulment, death | | | | | | | | |
| Enrolled member's former spouse loses eligibility | No | No | No | Yes | — | — | — | — |
| Enrolled member loses coverage under former spouse's healthcare FSA | Yes | Yes | No | No | — | — | — | — |

| | Health Care FSA | | | | Dependent Care FSA | | | |
|--|-----------------|----------|-------|----------|--------------------|----------|-------|----------|
| Change in number of dependents | | | | | | | | |
| | Enroll | Increase | Cease | Decrease | Enroll | Increase | Cease | Decrease |
| Enrolled member is newly responsible for daycare for a eligible dependent (due to divorce) | — | — | — | — | Yes | Yes | No | No |
| Enrolled member is no longer responsible for daycare for eligible dependent as dependent resides with ex-spouse | — | — | — | — | No | No | Yes | Yes |
| Enrolled member gains a dependent due to birth, adoption, eligible dependent moves in | Yes | Yes | No | No | Yes | Yes | No | No |
| Enrolled member loses a dependent or dependent loses eligibility (result of death, or when an individual is no longer financially supported by member, or no longer satisfies the age requirement) | No | No | Yes | Yes | No | No | Yes | Yes |
| Change of place in residence (enrolled member, spouse, and/or dependent) | | | | | | | | |
| | Enroll | Increase | Cease | Decrease | Enroll | Increase | Cease | Decrease |
|results in a decrease in enrolled member’s dependent day care cost | — | — | — | — | No | No | No | Yes |
|results in an increase in enrolled member’s dependent day care cost | — | — | — | — | No | Yes | No | No |
|results in a loss of coverage for enrolled member’s dependent | — | — | — | — | No | No | Yes | No |
|results in a gain of coverage enrolled member’s dependent. | — | — | — | — | Yes | No | No | No |

| | Health Care FSA | | | | Dependent Care FSA | | | |
|--|-----------------|----------|-------|----------|--------------------|----------|-------|----------|
| Change in employment | | | | | | | | |
| | Enroll | Increase | Cease | Decrease | Enroll | Increase | Cease | Decrease |
| Enrolled member’s spouse terminates employment | Yes | No | No | Yes | No | No | Yes | No |
| Enrolled member, spouse, or dependent begins employment that causes them to gain eligibility under their employer's plan and the spouse or dependent then gains eligibility with their own employer and enrolls in their own health care FSA | No | No | Yes | Yes | — | — | — | — |
| Enrolled member’s spouse changes employment and no longer has a DCFSA account with former or new employer | — | — | — | — | Yes | Yes | No | No |
| Enrolled member’s spouse returns to work and dependent is now eligible for participation in the DCFSA (spouse previously did not work) | — | — | — | — | Yes | Yes | No | No |
| Enrolled member’s spouse returns to work and spouse enrolls in a DCFSA | — | — | — | — | No | No | Yes | Yes |
| Enrolled member begins an unpaid leave of absence | No | No | Yes | Yes | No | No | Yes | Yes |
| Enrolled member returns from an unpaid leave of absence | Yes | Yes | No | No | Yes | Yes | No | No |
| Enrolled member’s spouse being an unpaid leave of absence and spouse or dependent loses eligibility for participation in spouse’s healthcare FSA and ineligible to participate in DCFSA | Yes | Yes | No | No | No | No | Yes | No |
| Enrolled member’s spouse returns from an unpaid leave of absence that triggers a gain in eligibility under their plan and spouse enrolls in their employer’s healthcare FSA and is now eligible to participate in DCFSA | No | No | Yes | Yes | Yes | Yes | No | No |

| | Health Care FSA | | | | Dependent Care FSA | | | |
|---|-----------------|----------|-------|----------|--------------------|----------|-------|----------|
| Daycare coverage changes | | | | | | | | |
| | Enroll | Increase | Cease | Decrease | Enroll | Increase | Cease | Decrease |
| Enrolled member has a dependent newly enrolled in day care | — | — | — | — | Yes | Yes | No | No |
| Enrolled member’s day care provider significantly reduces its available hours or goes out of business and participant switches dependent day care providers and make a new election | — | — | — | — | Yes | No | Yes | No |
| The cost charged by day care provider increases (either current provider or enrolled member switches day care providers resulting in a cost increase) * | — | — | — | — | No | Yes | No | No |
| The cost charged by day care provider decreases (either current provider or enrolled member switches day care providers resulting in a cost increase) * | — | — | — | — | No | No | No | Yes |
| Certain judgement, decrees, or court orders | | | | | | | | |
| Enrolled member must provide health coverage for child/foster child | Yes | Yes | No | No | — | — | — | — |
| Enrolled member’s spouse, ex-spouse, or other individual must provide health coverage for enrolled member’s child/foster child | No | No | Yes | Yes | — | — | — | — |
| Eligibility for Medicare and Medicaid (enrolled member, spouse, and/or dependent) | | | | | | | | |
| Becomes entitled to and enroll in Medicare or Medicaid (other than coverage solely for pediatric vaccines) | No | No | Yes | Yes | — | — | — | — |
| Loses eligibility for Medicare or Medicaid | Yes | Yes | No | No | — | — | — | — |

*Note: If the participant's day care provider is related by blood or marriage, the participant CANNOT change election amount solely to increase or decrease amount being paid to the relative.

Healthcare FSA IRS information, including what you may use funds on, may be found here: <https://www.irs.gov/forms-pubs/about-publication-502>

Dependent care FSA IRS information, including what you may use funds on, may be found here: <https://www.irs.gov/forms-pubs/about-publication-503>