

Starting September 1, 2021, PayFlex<sup>®</sup> will be the third-party administrator (TPA) of TexFlex flexible spending accounts (FSAs), including health care, dependent care and limited-purpose FSAs. The current TPA, WageWorks, will continue to manage the FSAs through August 31, 2021.

## What this means for current TexFlex FSA participants

- **If you want to continue participating in your FSA(s) at the same contribution amount(s) in Plan Year 2022**, you don't need to do anything. Your elections will continue into the new plan year.
- **If you want to change your contributions for Plan Year 2022**, you can do that during your Summer Enrollment phase.
- **If you want to stop participating in TexFlex in Plan Year 2022**, you should change your election during your Summer Enrollment phase.
- Whether you continue participation or elect not to participate in Plan Year 2022, your FSA(s) will be subject to the following rules, and PayFlex will begin administering your accounts on September 1, 2021:
  - Any funds left in dependent care, health care or limited-purpose FSAs after August 31, 2021 will carry over to the new plan year after a brief blackout period. (The blackout period allows time for the settlement of any end-of-year claims. Later this summer, we will provide the dates of the blackout period.) After the blackout period, PayFlex will load your carryover funds for use beginning in Plan Year 2022. See “Carryover for Plan Year 2021” on the other side of this sheet for more information about the IRS’ temporary rule changes.
  - For Plan Year 2021 dependent care FSAs, there will not be a grace period (more time to incur expenses through November 15) after August 31, 2021. Instead, you can carry over all unused dependent care funds from Plan Year 2021 into Plan Year 2022.
  - As in every plan year, you will have until December 31, 2021 to submit claims for eligible expenses incurred in Plan Year 2021.
- If you want to manage your FSA(s) or submit claims online in Plan Year 2022, you will need to set up a new online account at [www.TexFlexERS.com](http://www.TexFlexERS.com). You also will be able to use the PayFlex Mobile<sup>®</sup> app. See the “New online account and mobile app” information to the right.
- All active Letters of Medical Necessity currently approved by WageWorks will expire on August 31, 2021. If you currently have an approved Letter of Medical Necessity on file with WageWorks, you will need to get the new Letter of Medical Necessity form from PayFlex, complete it and send it back to PayFlex for review. The new form will be available starting August 2 at [www.TexFlexERS.com](http://www.TexFlexERS.com).

## New health care and limited-purpose debit cards starting September 1

- TexFlex health care and limited-purpose FSA participants will get a debit card from PayFlex, at no cost to them, by September 1—*unless* you will no longer participate in a health care or limited-purpose FSA in Plan Year 2022 and don't have any funds left in your account after August 31, 2021.
- *Current FSA participants:* You can start using the new PayFlex health care or limited-purpose FSA debit card after the blackout period ends in September. If you currently have a TexFlex debit card from WageWorks, continue to use it for eligible expenses through August 31. Your new TexFlex card from PayFlex won't work until after the September blackout period, and your current TexFlex card from WageWorks will no longer work after August 31.
- *New FSA enrollees for Plan Year 2022:* You can start using your PayFlex health care or limited-purpose FSA debit card on September 1.
- You can ask for additional cards for dependents through [www.TexFlexERS.com](http://www.TexFlexERS.com) or by calling PayFlex at (866) 353-9839.
- As always, you should save receipts, explanations of benefits (EOBs) and itemized statements for your debit card purchases.

## New online account and mobile app

- If you want to manage your FSA(s) or submit claims online in Plan Year 2022, you will need to set up a new online account. Visit [www.TexFlexERS.com](http://www.TexFlexERS.com) on or after September 1 to set up a new online account.
  - Although the website has the same address, it will have a new look and navigation. Take a few minutes to get familiar with it!
- PayFlex also offers a mobile app to manage your TexFlex account(s). You can view your balance(s) and transactions, submit claims and more. Search for the PayFlex Mobile<sup>®</sup> app in the Apple App Store or Google Play.
- Continue to use your current account at [www.TexFlexERS.com](http://www.TexFlexERS.com) or the WageWorks app through August 31 to submit a claim or access Plan Year 2021 account information.

## Look for more information and call with questions

In the coming weeks, ERS and PayFlex will offer more information about the administrator change. In the meantime, you can call with any questions:

- Starting August 2, you can call PayFlex with questions about your Plan Year 2022 FSA(s) at (866) 353-9839, Monday - Friday, 7 a.m. - 7 p.m. CT and Saturday, 9 a.m. – 2 p.m. CT.
- For questions about your Plan Year 2021 FSA(s), continue to call WageWorks through August 31 at (844) 884-2364 (TTY: 711), Monday – Friday, 7 a.m. – 7 p.m. CT.
  - You can contact WageWorks through December 31, 2021 for questions about your TexFlex commuter spending account.

## Why ERS is making this change

ERS is required to rebid the administration of its benefit programs on a regular basis. This helps keep costs reasonable and benefits competitive. PayFlex offered costs savings and an enhanced customer experience for TexFlex participants.

## Carryover for Plan Year 2021

FSA rules are not changing because of the new TPA. However, because of the COVID-19 pandemic, the Internal Revenue Service (IRS) is allowing dependent care, health care and limited-purpose FSA participants to carry over all unused funds from the plan year ending August 31, 2021. The carryover is automatic and applies only to dependent care, health care and limited-purpose FSAs. Participants do not need to take action to carry over unused funds from Plan Year 2021 to Plan Year 2022. Learn more about pandemic-related changes to FSAs at <https://www.ers.texas.gov/What-s-Happening-Now/TexFlex-updates-due-to-COVID-19>.

- The usual carryover amount for the health care and limited-purpose FSAs is \$500 per year.
- Dependent care FSAs usually don't have a carryover and instead have a 2½-month grace period in which to spend unused funds from the previous plan year. Because of the carryover this year, there will not be a dependent care grace period after the end of Plan Year 2021.



## About

**TEXFLEX**<sup>SM</sup> TexFlex is a great way to save money on federal income taxes. TexFlex lowers your taxable income by letting you set aside money from your paycheck, pre-tax, to use for eligible out-of-pocket expenses such as medical, prescription drug, dental, vision and childcare costs. The TexFlex program is available to all benefits-eligible active employees.

All TexFlex flexible spending accounts (FSAs) are subject to forfeiture of funds (sometimes called “use it or lose it” rules) under certain conditions. Participants make their FSA contribution elections before each plan year and generally can't change them during the plan year, unless they have a qualifying life event. The IRS allowed for some exceptions due to the COVID-19 pandemic. Make sure you understand program rules and limitations, including the IRS' changes for the pandemic, before enrolling in an account or electing your annual contributions.

Learn more about TexFlex and FSA rules in your Summer Enrollment guide and at <https://www.ers.texas.gov/Active-Employees/Optional-Add-on-Benefits/TexFlex-FSA>.

## ERS will no longer offer TexFlex commuter spending accounts (CSAs) after August 31, 2021

ERS is discontinuing the commuter spending account (CSA) program, effective September 1. Current CSA participants can continue to incur claims toward their transit and parking accounts through August 31, 2021. If you have funds left in your parking account after August 31, you will have until December 31, 2021 to file claims for reimbursement of eligible parking expenses incurred before September 1. (The runout period to file claims for expenses incurred before September 1 applies only to parking accounts, not transit accounts.)

WageWorks will continue to administer the CSA program, and you can use your current debit card through August 31, 2021.

After December 31, ERS will refund to each participant funds that remain in their CSA(s) as of January 1, 2022. Balances of less than a certain amount may not be refunded and instead will forfeit to the TexFlex plan to help offset administrative costs.

ERS based its decision to no longer offer CSAs on very low participation that has led to unsustainable administrative costs. Less than 1% of eligible employees participated in the program, and the \$3 monthly account fees didn't cover the costs of managing the program.

ERS will provide more details to current CSA participants in the coming months.