

California Law Establishes New Notice Requirement for Flexible Spending Accounts

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Beginning on January 1, 2020, California employees enrolled in any type of Flexible Spending Account (FSA) must receive [notice](#) from their employer regarding deadlines to withdraw funds from their account prior to the end of the plan year.

Under the new law, employers are required to provide notice using at least two forms of communication. Notice may be provided by (but is not limited to) the following methods of communication:

- ◇ Electronic mail communication;
- ◇ Telephone communication;
- ◇ Text message communication;
- ◇ Postal mail communication; or
- ◇ In-person notification.

Are Out-of-State Employers Covered Under the Law?

Yes. If an employer has employees in the state of California that are enrolled in a FSA, the employer is required to provide notice to those employees.

When Should Employees Receive Notice?

The law does not provide any specific requirements as to when employees should receive notice. Without any further guidance from the legislature, employers should provide employees with two forms of notice within the plan year to comply with the law.

Employer Penalties

The law does not include any specific penalties for employers who fail to provide notice to employees.

If you have any questions or concerns, please contact me at adillingham@benefitreview.com

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