

Electronic Alert

Volume 24, Issue 15

March 18, 2021

COVID-19 Benefits Update

By Jeff Robertson, Iris Tilley, & Gabrielle Hansen

Things are changing fast, and time is flying by as we move into the second year of the coronavirus pandemic. In fact, it's hard to believe that some of the relief previously issued has expired and that new laws are being passed, with the American Rescue Plan Act of 2021 (ARPA) being signed into law by the President last week. Below is a highlight of what has expired and what is new.

Expired:

- **Coronavirus-Related Distribution from a Qualified Retirement Plan:** Coronavirus-related distributions were available until December 31, 2020.
- **Coronavirus-Related Loan from a Qualified Retirement Plan:** Coronavirus-related loans were available until September 22, 2020.

New:

- **Optional Provisions for Section 125 Plans:** For plan years ending in 2020 or 2021, employers may lengthen the grace period or increase the carryover limit to allow employees to utilize otherwise unused 125 Plan funds. Implementing these changes requires a plan amendment.
- **Increase in the Limit for DCAP Benefits:** For years beginning after December 31, 2020, and before January 1, 2022, employers may amend their 125 Plan to increase the limit of the amount that an employee can exclude from their income for dependent care assistance from \$5,000 to \$10,500 and from \$2,500 to \$5,250 for taxpayers who are married filing separately.
- **Premium Assistance for COBRA Continuation Coverage:** Beginning April 1, and until September 30, 2021, there is a 100% COBRA continuation coverage subsidy for assistance eligible individuals. The term assistance eligible individual means, with respect to a period of COBRA coverage during the period beginning April 1, 2021, and ending September 20, 2021, an individual who is eligible to elect COBRA coverage for any reason other than voluntary termination of their employment and who elects to continue their group health plan coverage through COBRA.

Employers also have the option to allow assistance eligible individuals to enroll in different employer-sponsored coverage at the time that the individual elects to continue their group health plan coverage under COBRA.

Employers who sponsor group health plans to which this relief applies must comply with detailed notice requirements.

- **Assistance for Single & Multiemployer Pension Plans:** There is new relief for single and multiemployer plans. For single employer plans, this includes spreading the amortization period for funding shortfalls from 7 years to 15 years. For multiemployer plans, this includes establishing a special funding assistance program for multiemployer plans in critical and declining status.

Employers who have questions about any of these changes may contact Barran Liebman benefits team members Jeff Robertson, Iris Tilley, or Gabrielle Hansen at 503-228-0500 (or jrobertson@barran.com, itilley@barran.com, or ghansen@barran.com, respectively).