To amend the Internal Revenue Code of 1986 to provide flexibility for families with health flexible spending arrangements and dependent care flexible spending arrangements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. WENSTRUP introduced the following bill; which was referred to the Committee on ____________________

A BILL

To amend the Internal Revenue Code of 1986 to provide flexibility for families with health flexible spending arrangements and dependent care flexible spending arrangements, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Family Savings Flexi-
5 bility Act”.

(Original Signature of Member)
SEC. 2. INCREASE IN CARRYOVER FOR HEALTH FLEXIBLE SPENDING ARRANGEMENTS.

(a) IN GENERAL.—A plan or other arrangement that otherwise satisfies all of the applicable requirements of sections 106 and 125 of the Internal Revenue Code of 1986 (including any rules or regulations thereunder) shall not fail to be treated as a cafeteria plan or health flexible spending arrangement merely because such plan or arrangement permits participants to carry over an amount not in excess of $2,750 of unused benefits or contributions remaining in a health flexible spending arrangement from the plan year ending in 2020 to the plan year ending in 2021.

(b) DEFINITIONS.—Any term used in this section which is also used in section 106 or 125 of the Internal Revenue Code of 1986 or the rules or regulations thereunder shall have the same meaning as when used in such section or rules or regulations.

SEC. 3. CARRYOVER FOR DEPENDENT CARE FLEXIBLE SPENDING ARRANGEMENTS.

(a) IN GENERAL.—A plan or other arrangement that otherwise satisfies all applicable requirements of sections 106, 125, and 129 of the Internal Revenue Code of 1986 (including any rules or regulations thereunder) shall not fail to be treated as a cafeteria plan or dependent care flexible spending arrangement merely because such plan
or arrangement permits participants to carry over (under rules similar to the rules applicable to health flexible spending arrangements) an amount, not in excess of the amount in effect under section 129(a)(2)(A) of such Code, of unused benefits or contributions remaining in a dependent care flexible spending arrangement from the plan year ending in 2020 to the plan year ending in 2021.

(b) Definitions.—Any term used in this section which is also used in section 106, 125, or 129 of the Internal Revenue Code of 1986 or the rules or regulations thereunder shall have the same meaning as when used in such section or rules or regulations.

SEC. 4. MAXIMUM CONTRIBUTION LIMIT TO HEALTH SAVINGS ACCOUNT INCREASED TO AMOUNT OF DEDUCTIBLE AND OUT-OF-POCKET LIMITATION.

(a) Self-only Coverage.—Section 223(b)(2)(A) of the Internal Revenue Code of 1986 is amended by striking “$2,250” and inserting “the amount in effect under subsection (c)(2)(A)(ii)(I)”.

(b) Family Coverage.—Section 223(b)(2)(B) of such Code is amended by striking “$4,500” and inserting “the amount in effect under subsection (c)(2)(A)(ii)(II)”.

(c) CONFORMING AMENDMENT.—Section 223(g)(1) of such Code is amended by striking “subsections (b)(2) and” both places it appears and inserting “subsection”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

SEC. 5. INCREASE IN EXCLUSION FOR EMPLOYER-PROVIDED DEPENDENT CARE ASSISTANCE.

(a) IN GENERAL.—Section 129(a)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) SPECIAL RULE FOR 2020.—In the case of any taxable year beginning during 2020, subparagraph (A) shall be applied be substituting ‘$10,000 (half such dollar amount’ for ‘$5,000 ($2,500’.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

(c) RETROACTIVE PLAN AMENDMENTS.—A plan or other arrangement that otherwise satisfies all applicable requirements of sections 106, 125, and 129 of the Internal Revenue Code of 1986 (including any rules or regulations thereunder) shall not fail to be treated as a cafeteria plan or dependent care flexible spending arrangement merely
because such plan or arrangement is amended pursuant to a provision under this section and such amendment is retroactive, if—

(1) such amendment is adopted no later than the last day of the plan year in which the amendment is effective, and

(2) the plan or arrangement is operated consistent with the terms of such amendment during the period beginning on the effective date of the amendment and ending on the date the amendment is adopted.