



# Compliance Alert

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July 10, 2008

***Compliance Alert, provided by Group Benefit Services, gives you the most up to date information regarding industry news as well as legislation and regulatory activities affecting your health plan.***

## **TOPIC: HEROES EARNING ASSISTANCE AND RELIEF TAX (HEART) ACT OF 2008**

On June 17, 2008, the President signed the HEART Act of 2008. The Act will allow distributions of unused amounts in the Health Flexible Spending Accounts (FSA) to reservists if ordered or called to active duty.

To qualify for the distribution of all or a portion of the unused amounts in the reservists' Health FSA the following must exist:

1. the order or call to active duty is for a period of over 179 days or for an indefinite period, and
2. the distribution is made between the date of the order or call and the last date that reimbursements from the Health FSA could otherwise be made for the plan year that includes the date of the order or call to active duty.

This new law is ***not*** mandatory. But, the Act will provide protection so the Plan will not be disqualified for allowing the limited cash outs.

It is important to note the distribution of the unused funds will be taxable to the individual.

If GBS administers your Health FSA and you are interested in implementing this change please contact your Account Manager to discuss the next steps as well as the amendment to your Summary Plan Description.

***If you have any questions regarding this information, please contact your Group Benefit Services Account Manager at 1.800.638.6085.***

***This communication is not intended to be legal advice and should not be construed as legal advice. If you have any legal questions or concerns about your plan, GBS recommends seeking counsel from an ERISA attorney.***

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