

RISK MANAGEMENT DEPARTMENT
Fort Bend County, Texas

March 29, 2017

Members of Commissioners Court

Re: Amendment to Section 125 Flexible Spending Account to Allow \$500 Annual Rollover and to Increase Maximum Allowable Medical Deduction.

The Department of Treasury and the Internal Revenue Service have amended the rules governing section 125 Flexible Spending Plans to allow Plan Participants to annually rollover up to \$500 of any unreimbursed funds into the subsequent Plan year. This would be in addition to the maximum allowed medical deduction for the subsequent year; ie, \$2550 (maximum allowed deduction for Plan year 2017 if approved)+ \$500 (Rollover amount remaining from Plan year 2017) = \$3050 available for Plan year 2018 reimbursable medical expenses.

I am requesting Court approval to allow the reimbursable rollover as well as approval to increase the employee maximum allowable deduction from \$2500/yr to \$2550.

Both of these requests will benefit Section 125 Plan Participants with no cost to the County.

Thank you,



Wyatt Scott

Director of Risk Management

**CAFETERIA PLAN
PREMIUM REDUCTION OPTION PLUS
FLEXIBLE SPENDING ACCOUNTS
PLAN DOCUMENT
AS ADOPTED BY
FORT BEND COUNTY**

**AMENDMENT TO ALLOW HEALTH FSA CARRYOVER AND OTHER OPTIONS
TO BE EFFECTIVE AS OF JANUARY 1, 2017**

**ARTICLE I
PREAMBLE**

- 1.1 **Adoption and effective date of amendment.** The Employer adopts this Amendment to Fort Bend County Cafeteria Plan ("Plan") to reflect recent law and regulatory changes. The sponsor intends this Amendment as good faith compliance with the requirements of these changes. This Amendment shall be effective on or after the dates the Employer elects in Article II below.
- 1.2 **Supersession of inconsistent provisions.** This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

**ARTICLE II
ELECTIONS**

- 2.1 **Health FSA \$500 Carryover.** The Section 3.1 below. The effective date of this provision is January 1, 2017.

**ARTICLE III
PROVISIONS**

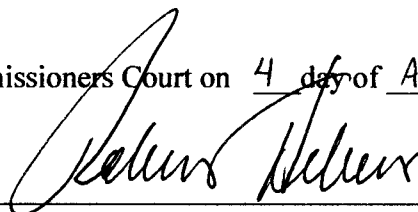
3.1 \$500 Carryover.

A Participant in the Health Flexible Spending Account may roll over up to \$500 of unused amounts in the Health Flexible Spending Account remaining at the end of one Plan year to the immediately following Plan Year. These amounts can be used during the following Plan Year for expenses incurred in that Plan Year. Amounts carried over do not affect the maximum amount of salary redirection contributions for the Plan Year to which they are carried over. Unused amounts are those remaining after expenses have been reimbursed during the run out period. These amounts may not be cashed out or converted to any other taxable or nontaxable benefit. Amount in excess of \$500 will be forfeited. The plan is allowed, but not required, to treat claims as being paid first from the current year amounts, then from the carryover amounts. This carryover option provides an alternative to the current grace period rule (terminated as of 1/1/2017) and administrative relief similar to that rule (terminated as of 1/1/2017).

**ARTICLE IV
PREMIUM REDUCTION OPTION PLUS FLEXIBLE SPENDING ACCOUNTS**

The maximum annual reimbursement amount an Employee may elect for any Plan Year is \$2550. The effective date of this provision is January 1, 2017.

Amendment approved by Commissioners Court on 4 day of April 2017

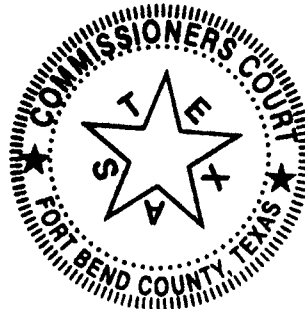


Robert E. Hebert, County Judge

Attest:



Laura Richard, County Clerk



Modification of "Use-or-Lose" Rule For Health Flexible Spending Arrangements (FSAs) and Clarification Regarding 2013-2014 Non-Calendar Year Salary Reduction Elections Under § 125 Cafeteria Plans

Notice 2013 -71

I. PURPOSE

This notice contains modifications to the rules for § 125 cafeteria plans. First, sections II through V of the notice modify the "use-or-lose" rule for health FSAs that is currently set forth in proposed regulations under § 125 of the Internal Revenue Code (the Code). This modification permits § 125 cafeteria plans to be amended to allow up to \$500 of unused amounts remaining at the end of a plan year in a health FSA to be paid or reimbursed to plan participants for qualified medical expenses incurred during the following plan year, provided that the plan does not also incorporate the grace period rule. This carryover of up to \$500 does not affect the maximum amount of salary reduction contributions that the participant is permitted to make under §125(i) of the Code (\$2,500 adjusted for inflation after 2012). This carryover option provides an alternative to the current grace period rule and administrative relief similar to that rule.

Second, section VI of this notice clarifies the scope of the transition relief provided in the preamble to proposed regulations under § 4980H that allows greater flexibility for individuals to make changes in salary reduction elections for accident and health plans provided through § 125 cafeteria plans for non-calendar cafeteria plan years beginning in 2013.

II. BACKGROUND

Section 125(d)(1) defines a § 125 cafeteria plan as a written plan maintained by an employer under which all participants are employees, and all participants may choose among two or more benefits consisting of cash and qualified benefits. Section 125(f) defines a qualified benefit as any benefit which, with the application of § 125(a), is not includable in the gross income of the employee by reason of an express provision of the Code (with certain exceptions). Qualified benefits include employer-provided accident and health plans excludable from gross income under §§ 106 and 105(b), but exclude long term care insurance and certain qualified health plans offered through an Exchange (also referred to as a Marketplace) established under § 1311 of the Patient Protection and Affordable Care Act (the Act).¹

Pursuant to § 125(d)(2)(A), a § 125 cafeteria plan generally does not include any plan that provides for deferred compensation. Proposed regulations under § 125 that predated the enactment of the Act generally have prohibited participants from using

¹ Public Law 111-148 (124 Stat. 1029 (2010)), amended by § 10104 and § 10203 of the Act.

contributions made for one plan year to purchase a benefit that will be provided in a subsequent plan year. Commonly referred to as the “use-or-lose” rule, this requires that unused benefits or contributions remaining as of the end of the plan year (that is, amounts credited to a health FSA participant’s account that remain unused, referred to below as “unused amounts”) be forfeited. See Prop. Treas. Reg. §§ 1.125-1(c)(7)(C), 1.125-1(o), and 1.125-5(c).

In 2005, the Treasury Department and the IRS modified the use-or-lose rule by adopting the grace period rule. Under the grace period rule, a § 125 cafeteria plan may permit an employee to use amounts remaining from the previous year (including amounts remaining in a health FSA) to pay expenses incurred for certain qualified benefits during the period of up to two months and 15 days immediately following the end of the plan year. See Notice 2005-42, 2005-1 C.B. 1204, and Prop. Treas. Reg. § 1.125-1(e). This exception was based on other areas of tax law that do not treat certain arrangements as providing for deferred compensation if the compensation payment is made no later than the fifteenth day of the third month after the taxable year in which the services are performed. See, for example, Treas. Reg. § 1.404(b)-1T, Q&A-2.

Section 125(i)² provides that, beginning in 2013, a health FSA is not treated as a qualified benefit unless the § 125 cafeteria plan limits each employee’s salary reduction contributions to the health FSA to no more than \$2,500 per taxable year (as indexed for cost-of-living adjustments). Notice 2012-40, 2012-1 C.B. 1046, provides that the term “taxable year” in § 125(i) refers to the plan year of the § 125 cafeteria plan, so that the limit is applicable only beginning with the first day of the first plan year beginning in 2013.

Notice 2012-40 stated that “[t]he \$2,500 limit, while not addressing the ‘use-or-lose’ rule, limits the potential for using health FSAs to defer compensation and the extent to which salary reduction amounts may accumulate over time. Given the \$2,500 limit, the Treasury Department and the IRS are considering whether the use-or-lose rule for health FSAs should be modified to provide a different form of administrative relief (instead of, or in addition to, the current 2½ month grace period rule).” Notice 2012-40 requested comments on whether the proposed regulations under § 125 should be modified to provide flexibility with respect to the operation of the use-or-lose rule for health FSAs in addition to the 2½-month grace period rule. Numerous comments were submitted in response to this request, the overwhelming majority favoring modification of the use-or-lose rule.

III. FURTHER MODIFICATION OF USE-OR-LOSE RULE

The public comments argued for additional flexibility with respect to the operation of the use-or-lose rule for a number of reasons. These included the difficulty for

² Section 125(i) was added to the Code by § 9005 of the Act, amended by § 10902 of the Act, and further amended by § 1403(b) of the Health Care and Education Reconciliation Act of 2010 (HCERA), Pub. L. No. 111-152.

employees of predicting their future needs for medical expenditures, the desirability of minimizing incentives for unnecessary spending at the end of a year or grace period, the possibility that lower- and moderate-paid employees are more reluctant than others to participate because of aversion to even modest forfeitures of their salary reduction contributions, and the opportunity to ease and potentially to simplify the administration of health FSAs. In light of these comments, the Treasury Department and the IRS have determined that it is appropriate to modify the use-or-lose rule to permit the use of up to \$500 of unused amounts in a health FSA in the immediately following plan year.

Accordingly, an employer, at its option, is permitted to amend its § 125 cafeteria plan document to provide for the carryover to the immediately following plan year of up to \$500 of any amount remaining unused as of the end of the plan year in a health FSA. The carryover of up to \$500 may be used to pay or reimburse medical expenses under the health FSA incurred during the entire plan year to which it is carried over. For this purpose, the amount remaining unused as of the end of the plan year is the amount unused after medical expenses have been reimbursed at the end of the plan's run-out period³ for the plan year. In addition to the unused amounts of up to \$500 that a plan may permit an individual to carry over to the next year, the plan may permit the individual to also elect up to the maximum allowed salary reduction amount under § 125(i). Thus, the carryover of up to \$500 does not count against or otherwise affect the indexed \$2,500 salary reduction limit applicable to each plan year. Although the maximum unused amount allowed to be carried over in any plan year is \$500, the plan may specify a lower amount as the permissible maximum (and the plan sponsor has the option of not permitting any carryover at all).

A plan adopting this carryover provision is not permitted to also provide a grace period with respect to health FSAs. Nor is the plan, for any plan year, permitted to allow an individual to salary reduce for qualified health FSA benefits more than the indexed \$2,500 salary reduction limit or permitted to reimburse claims incurred during the plan year that exceed the applicable indexed \$2,500 salary reduction limit (and any nonelective employer flex credits) plus the carryover amount of up to \$500. If an employer amends its plan to adopt a carryover, the same carryover limit must apply to all plan participants. A § 125 cafeteria plan is not permitted to allow unused amounts relating to a health FSA to be cashed out or converted to any other taxable or nontaxable benefit. Unused amounts relating to a health FSA may be used only to pay or reimburse certain § 213(d) medical expenses (excluding health insurance, long-term care services

³ A "run-out period" is a period immediately following the end of a plan year during which a participant can submit a claim for reimbursement of expenses incurred for qualified benefits during the plan year. See Prop. Treas. Reg. § 1.125-1(f). By contrast, a grace period is a period of up to two months and 15 days immediately following the end of a plan year during which a participant may use amounts remaining from the previous plan year (including amounts remaining in a health FSA) to pay expenses incurred for certain qualified benefits during that two-month-and-15-day period. See Notice 2005-42, 2005-1 C.B. 1204, and Prop. Treas. Reg. § 1.125-1(e). (A run-out period may also be provided immediately following the end of a grace period instead of immediately following the end of a plan year, so that participants can submit claims for reimbursement of expenses incurred during the grace period or the previous plan year.)

or insurance, see Prop. Treas. Reg. §1.125-1(q)). With respect to a participant, the amount that may be carried over to the following plan year is equal to the lesser of (1) any unused amounts from the immediately preceding plan year or (2) \$500 (or a lower amount specified in the plan). Any unused amount in excess of \$500 (or a lower amount specified in the plan) that remains unused as of the end of the plan year (that is, at the end of the run-out period for the plan year) is forfeited. Any unused amount remaining in an employee's health FSA as of termination of employment also is forfeited (unless, if applicable, the employee elects COBRA continuation coverage with respect to the health FSA).

The uniform coverage rule requires that the maximum amount of reimbursement from the health FSA (including both salary reduction amounts and any nonelective employer flex credits) be available for claims incurred at all times during the period of coverage (properly reduced as of any particular time for prior reimbursements for the same period of coverage). That rule continues to apply to § 125 cafeteria plans adopting the carryover of up to \$500.

Use of the carryover option permitted under this notice does not affect the ability of a health FSA to provide for the payment of expenses incurred in one plan year during a permitted run-out period at the beginning of the following plan year (just as a run-out period can also be provided when using the grace period rule). Thus, for plans using the new carryover option, a participant's unused health FSA balance at the end of the prior plan year may be used (a) for expenses incurred in the prior plan year, but only if claimed during the plan's run-out period that begins at the end of the prior plan year (in effect retroactively reducing the unused amount as of the end of the prior plan year) or (b) to the extent of the permitted carryover amount of up to \$500 from the final prior plan year unused amount, for expenses that are incurred at any time in the current plan year. In contrast, salary reduction or other amounts credited to a health FSA with respect to service in the current plan year may be used only for expenses incurred in the current plan year (unless and to the extent that these current plan year amounts may later be carried over to the following plan year).

For ease of administration, a § 125 cafeteria plan is permitted to treat reimbursements of all claims for expenses that are incurred in the current plan year as reimbursed first from unused amounts credited for the current plan year and, only after exhausting these current plan year amounts, as then reimbursed from unused amounts carried over from the preceding plan year. Any unused amounts from the prior plan year that are used to reimburse a current year expense (a) reduce the amounts available to pay prior plan year expenses during the run-out period, (b) must be counted against the permitted carryover of up to \$500, and (c) cannot exceed the permitted carryover. For examples of how the carryover operates, see section V of this notice.

IV. WRITTEN § 125 CAFETERIA PLAN AMENDMENT

To utilize the new carryover option permitted under this notice, a § 125 cafeteria plan offering a health FSA must be amended to set forth the carryover provision. The

amendment must be adopted on or before the last day of the plan year from which amounts may be carried over and may be effective retroactively to the first day of that plan year, provided that the § 125 cafeteria plan operates in accordance with the guidance under this notice and informs participants of the carryover provision, and provided further that a plan may be amended to adopt the carryover provision for a plan year that begins in 2013 at any time on or before the last day of the plan year that begins in 2014.

A § 125 cafeteria plan that incorporates a carryover provision may not also provide for a grace period in the plan year to which unused amounts may be carried over. Accordingly, if, pursuant to the carryover provision, a plan permits amounts that were unused in a plan year to be carried over to the following plan year, the plan is not permitted to provide for a grace period that occurs in that following plan year. For example, a calendar year plan permitting a carryover to 2015 of unused 2014 health FSA amounts (as determined at the end of the run-out period in early 2015) would not be permitted to have a grace period in 2015, but would be permitted to have had a grace period during the first 2 ½ months of 2014.

If a plan has provided for a grace period and is being amended to add a carryover provision, the plan must also be amended to eliminate the grace period provision by no later than the end of the plan year from which amounts may be carried over. The ability to eliminate a grace period provision previously adopted for the plan year in which the amendment is adopted may be subject to non-Code legal constraints.

V. EXAMPLES

The preceding rules of this notice are illustrated by the following examples:

Example 1. Employer sponsors a § 125 cafeteria plan and health FSA with a calendar plan year, an annual run-out period from January 1 through March 31 in which participants can submit claims for expenses incurred during the preceding plan year, and an annual open enrollment season in November in which participants elect a salary reduction amount (not to exceed \$2,500) for the following plan year. The plan is timely amended to provide for a carryover that allows all participants to apply up to \$500 of unused health FSA amounts remaining at the end of the run-out period to the health FSA for expenses incurred at any time during that plan year. The plan does not provide for a grace period with respect to the health FSA. The plan also does not provide for nonelective employer flex credits.

In November 2014, Participant A elects a salary reduction amount of \$2,500 for 2015. By December 31, 2014, A's unused amount from the 2014 plan year is \$800. On February 1, 2015, A submits claims and is reimbursed with respect to \$350 of expenses incurred during the 2014 plan year, leaving a carryover on March 31, 2015 (the end of the run-out period) of \$450 of unused health FSA amounts from 2014. The \$450 amount is not forfeited; instead, it is carried over to 2015 and available to pay claims incurred in that year so that \$2,950 (that is, \$2,500 + \$450) is available to pay claims incurred in

2015. A incurs and submits claims for expenses of \$2,700 during the month of July 2015, and does not submit any other claims during 2015. A is reimbursed with respect to the \$2,700 claim, leaving \$250 as a potential unused amount from 2015 (depending upon whether A submits claims during the 2015 run-out period in early 2016).

This § 125 cafeteria plan satisfies the preceding rules of this notice.

Example 2. The same facts as Example 1, except that A's expenses of \$2,700 are incurred and submitted during the month of January 2015 (and not July 2015). The plan may treat \$500 of the \$800 unused amounts as of December 31, 2014, as available to pay current year expenses. Accordingly, A is reimbursed with respect to the \$2,700 claim. The plan treats the first \$2,500 of the claim as reimbursed with health FSA contributions for 2015, and the remaining \$200 of the claim as reimbursed with the unused amounts as of December 31, 2014. The unused amount remaining from 2014 from which claims for expenses incurred during the 2014 plan year may be reimbursed during the 2014 run-out period in early 2015 is reduced to \$600 (\$800 - \$200). On February 1, 2015, A submits and is reimbursed with respect to \$350 of claims for expenses incurred during the 2014 plan year. After the \$350 reimbursement, the unused amount remaining for 2014 from which claims for expenses incurred during the 2014 plan year may be reimbursed during the 2014 run-out period in early 2015 is reduced to \$250 (\$600 - \$350). A submits no further claims for expenses incurred during the 2014 plan year, so that in addition to the \$200 previously used to reimburse the January 2015 claim, \$250 is carried over to the 2015 plan year. A submits no further claims for 2015. The amount carried over to 2016 is \$250.

This § 125 cafeteria plan satisfies the preceding rules of this notice.

Example 3. The same facts as Example 2, except that on February 1, 2015, A submits claims with respect to \$700 of expenses incurred during the 2014 plan year. Because the unused amount remaining from 2014 from which claims for expenses incurred during the 2014 plan year may be reimbursed has been reduced to \$600 prior to February 1, 2015, the plan reimburses A for only \$600 of the total \$700 of claims. After the \$600 reimbursement, the unused amount remaining from 2014 from which claims for expenses incurred during the 2014 plan year may be reimbursed is reduced to zero (\$600 - \$600). A submits no further claims for expenses incurred during the 2014 plan year, so that the amount carried over to the 2015 plan year is \$0 (the entire \$800 of unused amounts as of December 31, 2014, having been used to reimburse claims submitted in January 2015 (\$200) and February 2015 (\$600)).

This § 125 cafeteria plan satisfies the preceding rules of this notice.

Example 4. The same facts as Example 1, except that, for 2014, A elects a salary reduction amount of \$600 and, on December 31, 2014, A still has \$600 of unused health FSA amounts.

For 2015, A elects no salary reduction for the health FSA, submits no claims

during the run-out period, and as of the end of the run-out period on March 31, 2015, \$600 in unused health FSA amounts remains. Of that amount, \$100 is forfeited because it exceeds the \$500 carryover limit, and \$500 is carried over to the 2015 plan year. A incurs \$200 in expenses during the 2015 plan year, which are reimbursed during that plan year. As of December 31, 2015, A has \$300 in unused health FSA amounts.

For 2016, A elects no salary reduction for the health FSA but has the \$300 carryover from 2015, which is not forfeited. A incurs medical expenses of \$300 in 2016, which are reimbursed using the \$300 carryover from 2015.

This § 125 cafeteria plan satisfies the preceding rules of this notice.

VI. CLARIFICATION OF SCOPE OF TRANSITION RULE APPLICABLE TO NON-CALENDAR PLAN YEARS BEGINNING IN 2013 FOR PARTICIPANT CHANGES IN SALARY REDUCTION ELECTIONS UNDER HEALTH PLANS PROVIDED THROUGH § 125 CAFETERIA PLANS

A. BACKGROUND

Generally, § 125 cafeteria plan elections must be made before the start of the plan year, and are irrevocable during the plan year, with limited exceptions, including certain changes in status. See Prop. Treas. Reg. § 1.125-2, Treas. Reg. § 1.125-4. Under existing regulations, the availability of health plan coverage through an Affordable Insurance Exchange (also referred to in other published guidance as a Marketplace) beginning with calendar year 2014 does not constitute such a change in status. As a result, employees would not be able to change their salary reduction elections for health coverage during a plan year in order to, for example, cease their salary reductions and § 125 cafeteria plan coverage and purchase coverage through an Exchange. However, the Treasury Department and the IRS previously concluded that transition relief is appropriate for individuals with respect to non-calendar § 125 cafeteria plan years beginning in 2013. For individuals eligible for such a plan, health plan coverage through an Exchange will first become available in the middle of the plan's 2013-2014 non-calendar plan year (that is, January 2014). Accordingly, the Treasury Department and the IRS have provided transition relief from the election rules in Prop. Treas. Reg. § 1.125-2 with respect to salary reduction elections under a § 125 cafeteria plan for an employer-provided accident and health plan with a non-calendar plan year beginning in 2013. The transition relief was provided in Section IX.B of the preamble to proposed regulations (issued on December 28, 2012) under § 4980H (referred to below as "Section IX.B"). See 78 Fed. Reg. 218, 237 (Jan. 2, 2013).

Specifically, Section IX.B permits an employer, at its election, to amend one or more of its written § 125 cafeteria plans to allow employees to make either or both of the following changes in salary reduction elections, whether or not the employee experienced a change in status event described in Treas. Reg. § 1.125-4:

1. An employee who elected to salary reduce through the employer's § 125 cafeteria plan for accident and health plan coverage with a non-calendar plan year

beginning in 2013 is allowed to prospectively revoke or change his or her election with respect to the accident and health plan once during that plan year; and

2. An employee who failed to make a salary reduction election through the employer's § 125 cafeteria plan for accident and health plan coverage with a non-calendar plan year beginning in 2013 before the deadline in Prop. Treas. Reg. § 1.125-2 for making elections for the § 125 cafeteria plan year beginning in 2013 is allowed to make a prospective salary reduction election for accident and health coverage on or after the first day of the 2013 plan year of the § 125 cafeteria plan.

B. CLARIFICATION OF § 125 CAFETERIA PLAN TRANSITION RULE FOR PARTICIPANT SALARY REDUCTION ELECTIONS AS SET FORTH IN SECTION IX.B

Although the description of the § 125 cafeteria plan transition rule in Section IX.B refers to applicable large employer members (generally meaning a person that, together with one or more other persons, is treated as a single employer that is an applicable large employer), the relief is available, subject to the rules set forth in Section IX.B, to an employer with a § 125 cafeteria plan non-calendar plan year beginning in 2013 whether or not the employer is an applicable large employer or applicable large employer member under § 4980H.

Stakeholders have asked whether employees may use the relief set forth in Section IX.B if their employer amends its § 125 cafeteria plan to allow changes in salary reduction elections but adopts an amendment that is more limited than the two options listed in Section IX.B, as described above. An amendment to a § 125 cafeteria plan adopted pursuant to Section IX.B may be more restrictive than the amendments described in Section IX.B but may not be less restrictive. For example, an employer may amend its § 125 cafeteria plan to allow an employee who elected to salary reduce through the § 125 cafeteria plan to pay for accident and health plan coverage under the § 125 cafeteria plan with a non-calendar plan year beginning in 2013 to prospectively revoke or change his or her election with respect to the accident and health plan once, during a limited period (for example, the first month of 2014 only rather than the entire plan year) without regard to whether the employee experienced a change in status event described in Treas. Reg. § 1.125-4.

VII. EFFECTIVE DATES

An employer may adopt the carryover provision (of up to \$500) authorized in this notice to health FSAs for the current § 125 cafeteria plan year (and/or subsequent § 125 cafeteria plan years) by amending the § 125 cafeteria plan document in the manner and within the time frames described in section IV of this notice.

The clarifications described in section VI of this notice of the relief provided in Section IX.B may be applied beginning on or after December 28, 2012 (the date on which the proposed regulations that included Section IX.B were issued).

VIII. EFFECT ON OTHER DOCUMENTS

The Treasury Department and the IRS intend to amend Prop. Treas. Reg. §§ 1.125-1(o) and 1.125-5(c) to reflect the guidance in this notice; taxpayers may rely on the guidance in this notice pending the issuance and effectiveness of those amendments to the regulations.

IX. DRAFTING INFORMATION

The principal author of this notice is Janet A. Laufer of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding the modification of the use or lose rules contained in this notice, contact Ms. Laufer at (202) 927-9639 (not a toll-free call). For further information regarding the clarifications to Section IX.B, contact Ms. Katy Johnson at (202) 927-9639 (not a toll-free call).