



Dependent Care Flexible Spending Account (FSA)

What is a dependent care FSA?

A dependent care FSA is a flexible spending account that allows you to set aside pretax dollars for dependent care expenses that are necessary for you to work or look for work.

Why should I enroll in a dependent care FSA?

The money you put into a dependent care FSA is taken from your paycheck before taxes are deducted. When you use the account to pay for eligible dependent care expenses, you don't pay taxes on those withdrawals.

On average, participants enjoy a 30% tax savings on their annual contribution. This means you could be saving up to \$1,500 per year on dependent care expenses!

How much can I contribute?

The IRS limits annual contributions to \$5,000 on income tax returns for single or married filing jointly, and \$2,500 for married filing separately.

How do I contribute money to my dependent care FSA?

You choose how much you want to put into the account—a dollar amount roughly equal to the amount you expect to have to spend on dependent care during the year—up to \$5,000 per family. The money goes into your account in installments through pretax payroll deductions. You can then use the money in your account to pay for eligible dependent care expenses incurred during the plan year.

You'll want to choose the amount you put in carefully. If you put in more than you end up spending, you will lose that amount at the end of the year.

Who qualifies as a dependent?

You can use your dependent care FSA to pay for care for children under age 13 that you claim as dependents, as well as adults or other relatives that are incapable of caring for themselves (if you provide more than 50% of their support).

What type of care is qualified?

Child and dependent care expenses must be work-related to qualify for the credit. Expenses are considered work-related only if both of the following are true.

- They allow you (and your spouse if filing jointly) to work or look for work.
- They are for a qualifying person's care.

Dependent care FSA funds can cover costs for before or after school care for children aged 12 and younger, custodial care for dependent adults, licensed daycare centers, nanny or au pair services, nursery schools or preschools, late pickup fees, and summer or holiday day camps.

What doesn't qualify?

There are certain expenses you cannot pay for using your dependent care FSA. These include expenses from a prior plan year, expenses for non-disabled children aged 13 and older, educational expenses, including kindergarten or private school tuition fees, food, clothing, sports lessons, field trips and entertainment, overnight camp expenses, and late payment fees for childcare.

Do I have access to my entire dependent care FSA election amount at the beginning of the year?

No, you will only have access to dependent care FSA funds that have already been deducted from your paycheck.

Are there any rules about who can care for my dependents?

Yes, you cannot use funds to pay for care provided by a spouse, a person you list as a dependent for income tax purposes, or one of your children under the age of 19.

How do I use my dependent care FSA to pay for qualified expenses?

The easiest way is to use your PlanSource debit card to pay for eligible dependent care expenses. You can also use personal funds and then reimburse yourself with money from your account—either online through the PlanSource Participant Portal or via the My Benefits Account App. You'll need to provide receipts when you submit a claim for reimbursement.

What happens if I don't spend all my dependent care FSA funds by the end of the plan year?

Any unused funds that are in your account at the end of the year will be forfeited, which means you will lose that money.

Plan carefully so that you use all the money in your dependent care FSA by the end of the plan year.

Can I change my election amount mid-year?

Elections can only be altered if you experience a change in status as defined by IRS regulations, such as marriage, divorce, birth, adoption, or death in your immediate family.

What happens to my account if I lose or quit my job?

Unfortunately, participation in your dependent care FSA is discontinued as of your last day of employment. Any unused dollars will no longer be available. This means that only expenses that were incurred prior to your last day of employment are eligible.

Call us at 888-266-1732, Option 2 for Reimbursement Support to learn more