



Dependent Care FSA Eligible Expenses

Maximize the Value of Your Reimbursement Account

Dependent Care FSA Eligible Expenses

You can use your Dependent Care FSA to pay for a variety of child and elder care services. The IRS determines which expenses are eligible for reimbursement. While this list identifies the eligibility of some of the most common dependent care expenses, it's not meant to be comprehensive. Please check with your tax professional if you have questions about whether a particular expense is eligible for reimbursement under this program.

Keep Your Receipts

It's important to keep receipts and other supporting documentation related to your Dependent Care FSA expenses and reimbursement requests. The IRS requires appropriate documentation for all Dependent Care FSA reimbursements. Reimbursement requests must include an itemized statement from the dependent care provider that includes: service dates, dependent's name, type of service amount billed, and provider's name and address. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

Here are just some examples of the items that are covered or not covered by Dependent Care FSA.

Expense	Eligible
Activity fees	No
Adult daycare center (with note of medical necessity)	Yes
After school program for child(ren)	Yes
Babysitting (not work-related, for other purpose) for child(ren)	No
Babysitting (work-related, in your home or someone else's home) for child(ren)	Yes
Babysitting by your relative who is not a tax dependent (work-related) for child(ren)	Yes
Babysitting by your tax dependent (work-related or for other purpose) for child(ren)	No
Before or after school programs for child(ren)	Yes
Custodial elder care (not work-related, for other purpose)	No
Custodial elder care (while you work; with note of medical necessity)	Yes
Dance Lessons for child(ren)	No
Daycare (while you work, to enable you to work or look for work)	Yes
Elder care (while you work; with note of medical necessity)	Yes
Extended care (supervised program before or after regular school hours)	Yes
Field trips for child(ren)	No
Household services (housekeeper, maid, cook, etc)	No
Language classes for child(ren)	No
Late payment fees for child care	No
Medical care for child(ren) or dependent adult(s)	No
Nanny for child(ren)	Yes
Overnight camp for child(ren)	No
Payroll taxes related to eligible dependent care	Yes
Piano lessons for child(ren)	No
Registration fees (required for eligible care, after actual services are received)	Yes
Senior daycare	Yes
Sick child care	Yes
Summer day camp for child(ren)	Yes
Tutoring for child(ren)	No



What is Dependent Care FSA?

Maximize the Value of Your Reimbursement Account

What is a Dependent Care FSA?

A Dependent Care Flexible Spending Account, is a pre-tax benefit account used to pay for dependent care services while you are at work. The money you contribute to a Dependent Care FSA is not subject to payroll taxes, so you end up paying less in taxes and taking home more of your paycheck.

Under this type of account, a "dependent" is a child under 13 years of age (until the day of their 13th birthday) and adult dependents who can't take care of themselves. Please keep in mind that they must live with you and be claimed as dependents on your tax return. Please review the eligible expense list to see what's covered under your Dependent Care FSA.

How much can I contribute towards Dependent Care FSA?

The maximum you can contribute for the calendar year is \$5,000. A married couple filing jointly, can contribute up to \$5,000 as couple. A married couple filing separately can only contribute up to \$2,500 each.

What is a "work-related" expense?

Your Dependent Care FSA expenses need to be "work-related." This means that the expenses must be incurred while you (or your spouse) are working or looking for work. For example, if both you and your spouse work full time and you pay for after-school care for your kids, that is an eligible "work-related" expense.

What kinds of expenses are covered by a Dependent Care FSA?

A Dependent Care FSA covers a wide variety of dependent care services, such as preschool and below the level of kindergarten, summer day camp, before- and after-school programs, and child or elder daycare. The IRS rules determine which expenses are eligible. Please refer to IRS publication 503. <https://www.irs.gov/pub/irs-pdf/p503.pdf>

How is a Dependent Care FSA funded?

You fund your Dependent Care FSA through your employer. During your company's Open Enrollment period, you complete the Dependent Care FSA enrollment form notifying your employer how much will contribute to your account for the coming year plan year. The maximum amount you can contribute is determined by the IRS. Your employer then deducts your contribution amount (in equal portions) from your paychecks throughout the plan year. As soon as your account is funded, you can use your balance to pay for or reimburse your for the eligible dependent care expenses.

How do I use my Dependent Care FSA funds?

You can be reimbursed for eligible dependent care expenses you pay out of pocket as the funds are contributed.

What if my claim amount is greater than the balance in my Dependent Care FSA?

You will be reimbursed up to your account's current balance. The rest of your claim will be held until your account is funded. Then you will be reimbursed for the remainder of your claim.

Will I be able to use the full amount I've elected to contribute to my Dependent Care FSA on the first day of my plan year?

Unfortunately, Dependent Care is administered differently than Healthcare FSA. The IRS regulations state that you cannot access the full amount of your Dependent Care FSA at the beginning of the plan year. Funds need to build up in your account before you may use them. You can only withdraw the amount you have put in.

What if my spouse has a Dependent Care FSA, too?

If your spouse has a Dependent Care FSA, you may each contribute up to \$2,500 into your respective accounts. The annual Dependent Care FSA contribution limit for married couples who file their taxes jointly is \$5,000. Please keep in mind that you can't "double-dip" expenses, which means that expenses reimbursed under your Dependent Care FSA can't be reimbursed under your spouse's Dependent Care FSA and vice versa.



What is Dependent Care FSA?

Maximize the Value of Your Reimbursement Account

Who qualifies as a dependent under a Dependent Care FSA?

The following people qualify as "dependents" under your Dependent Care FSA:

- A child under the age of 13 who resides with you and for whom you are entitled to a personal tax exemption as a dependent.
- Child of divorced or separated parents, the child can be claimed even if you cannot claim the child as a tax dependent; if they can be considered a qualifying person.
- A spouse, parents, or other tax-dependent adults who reside with you and who are physically or mentally incapable of self-care. A physician's order of dependency may be required.

Can I change my election amount after Open Enrollment or during the benefit year?

You can only change your election amount outside of Open Enrollment if you meet one of the special circumstances set by the IRS. You have 30 days to notify your employer of the change. Please see your employer for details.

Examples of special circumstances include:

- A change in marital status (such as marriage, divorce or death of your spouse)
- A change in the number of your dependents (such as the birth or adoption of a child, or death of a dependent)
- A change in employment status of you, your spouse, or dependent
- An event that causes your dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit
- Change in Daycare status. For example, when one dependent care provider is replaced by another. The employee may be allowed to make a corresponding election change.

If you believe you qualify for a change of your election, please contact your employer.

What happens to the funds in my Dependent Care FSA at the end of the plan year?

Any money left in your Dependent Care FSA at the end of the plan year is forfeited to your employer per IRS regulations. Please plan your contributions and expenditures carefully

Does a Dependent Care FSA cover healthcare expenses for my dependents?

The Dependent Care FSA covers only dependent care expenses, such as before- or after-school programs for children or elder day care for dependent adults, so you can continue to work. It does not cover healthcare expenses. If you're interested in covering healthcare expenses for your dependents, you should enroll in a Healthcare FSA, if your employer offers one.

Do my Dependent Care FSA contributions continue while I am on a leave of absence?

No, your contributions will stop if you take any type of leave of absence. Your Dependent Care FSA is intended to help you pay for eligible dependent care expenses to allow you to work. Therefore, you cannot be reimbursed for expenses incurred while you are on a leave of absence from work.

What happens to the funds in my Dependent Care FSA when I leave my employer?

This is dependent upon the employer's policy. Often employers offer a period of time when you can still submit claims so you can spend down funds remaining in your Dependent Care FSA. But please keep in mind that you need to incur all eligible expenses before your last day of work. We recommend asking your employer about your options.

How do I submit a receipt for reimbursement under my Dependent Care FSA?

The easiest way to submit a receipt is to use through the Member Portal. Click on the "Health Accounts" tab in the Member Portal, complete the simple online form and attach your receipts for reimbursement.