



## Dependent Care Flexible Spending Account (DCFSA)

### What expenses qualify for Dependent Care FSA reimbursement?

- **Dependent care/child care**
- **Baby-sitting (work-related, in your home or someone else's home)**
- **Pre-school**
- **Summer day camp**
- **Before and after school programs**
- **Elder care**
- **Adult day care center**
- **Nursery school**
- **Nanny for children**
- **Au Pair**

### What is a Dependent Care Flexible Spending Account?

A Dependent Care FSA (DCFSA) is a program that saves you money by allowing you to pay for qualified dependent care expenses using **pre-tax dollars**. That means the money you set aside for your DCFSA is not subject to federal income tax, Social Security, Medicare and, in most cases, state and local taxes. Using a DCFSA can save you approximately 20-30% in taxes on your expenses!

### How does it work?

During your employer's open enrollment period, you calculate your annual dependent care expenses and determine an election amount that you are comfortable with. Consider the times when your dependent is not receiving care such as vacation time. Your employer will take **pre-tax deductions** from your paychecks in equal amounts throughout the entire plan year. Ex: You elect \$2,600 and you are paid 26 times per year. Your employer will deduct \$100 pre-tax from each paycheck over the course of the plan year.

The plan year is the timeframe in which services need to be rendered to qualify for reimbursement. Check your enrollment materials for the plan year your employer has chosen.

When you have an eligible expense to be reimbursed, you simply file a claim with DBS. Services must be incurred within the plan year to be eligible for reimbursement.

### How much can I contribute?

The maximum amount that can be contributed during the tax year is **\$5,000** (\$2,500 if you are married and filing a separate return). The amount payable also may not be greater than the amount of your earned income or the earned income of your spouse. Special rules may apply in the case of a spouse who is a student or incapable of caring for himself/herself.

### Who qualifies as a dependent?

- A tax dependent under the age of 13 whom you have custody of more than half the year.
- A tax dependent (spouse, parent or child) that is physically or mentally incapable of self-care regardless of age and who resides with you more than half the year.

Need more information? Contact DBS at **(800) 234-1229** to speak with a representative. You can review plan balance, claims and reimbursement information online at **DBSbenefits.com**

## How am I reimbursed for expenses?

Filing a claim is **easy**! Once you have incurred an eligible expense, file a claim with DBS online at DBSbenefits.com, using your mobile phone or via mail or fax. You are reimbursed up to your account balance for service dates that have occurred (future service dates cannot be reimbursed). If the expense exceeds your current account balance, the remaining amount is reimbursed when there are more funds available in your account.

## What happens if I don't use my entire election amount by the end of the plan year?

It is uncommon for participants to have money remaining in their account at the end of the plan year. If you do have remaining funds, the unused money may be forfeited and become the property of your employer, depending on the provisions of the plan. This is known as the use-or-lose provision.

## Can I use funds set aside for my Dependent Care FSA to pay for medical expenses?

No, funds from the DCFSA can only be used for qualified dependent care expenses.

### Additional Dependent Care FSA Information

- To qualify, dependent care expenses must be incurred during the hours you and, if married, your spouse both work, seek employment or attend school full-time.
- If you take a leave of absence from your employer, contributions will stop as the account is intended to pay for expenses to allow you to work.
- Overnight camps, kindergarten or higher grade tuition, fees for lessons, lunch/food fees and field trips are ineligible for reimbursement.
- You must file Federal Tax Form 2441 with your income taxes if you participate in the plan.
- We recommend you consult your tax advisor to determine whether you are receiving a greater tax benefit utilizing the DCFSA versus the federal dependent care tax credit.
- Participation in a DCFSA may slightly affect your Social Security retirement benefit because you are lowering your annual gross income. For most people, the effect is minimal.
- If you are a highly compensated employee, an owner of the company or a family member of an owner, federal law may impose limits on your eligibility to participate in the plan.

## Can I change my Dependent Care FSA election during the plan year?

In certain situations, you may modify your election amount upon a "change in status" such as those listed below. There are several conditions and/or limitations that apply. Contact your employer if you believe that you may qualify for an election change.

- **Change in marital status (marriage, divorce, death of spouse)**
- **Change in number of dependents (birth, adoption, death of dependent)**
- **Change in employment status**
- **Change that causes your dependent to no longer meet dependent eligibility**
- **Court judgment, decree or order**
- **You take leave under FMLA**

## DBSbenefits.com

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