



DEPENDENT CARE FSA



A Dependent Care FSA (DCAP) lets you use pretax dollars to pay for daycare expenses for eligible dependents in order for you (or your spouse) to work, look for work, or attend school full-time. It reduces your taxable income and helps save you money.

An eligible dependent is defined as someone under age 13, or a spouse or other tax dependent who is physically or mentally incapable of caring for him/herself. Please note, there is no age limit for a child who is determined to be unable to care for him/herself.

- Funds become available after each payroll deduction.
- This account can only be used for care of eligible dependents, not for healthcare expenses.
- Annual limit is \$5,000 per household. If married but filing separately, the limit is \$2,500.
- Minimum contribution is \$520.

Who can benefit from a Dependent Care FSA?

Many people can benefit from this account which covers children and elder care expenses. A few examples of how it can be used:

- Daycare for children under 13 years of age.
- Summer day camps for children under 13 years of age.
- Elder care for a parent living with you.
- Nursery school (preschool) fees.
- Late pick-up fees.

NOTE: If you have a life event occur during the plan year (marriage, divorce, birth, adoption, etc.), you are eligible to make a change in the amount of your Dependent Care FSA without penalty.

One last important thing to know: a Dependent Care FSA is a “money in-money out” benefit. That means you can only use what has already been deducted from your paycheck. For example, if you opt to have \$200 per check – after your first paycheck of the year, your Dependent Care FSA has a balance of \$200. If you submit a \$400 expense, only \$200 will be paid immediately. The remaining \$200 will be paid once you have another payroll deduction.

Important Information About Care Providers

- All persons and organizations providing dependent care must be identified on IRS Form 2441. The provider name, address, and taxpayer identification number (Social Security Number in some situations) must be included.
- If a center provides care for more than six persons, it must comply with all state and local regulations.
- Payments made to relatives who are not dependents can be included, but not to a dependent for whom you can claim an exemption or for your child who is under age 19 at the end of the year (regardless of whether he or she is your dependent).
- You may use IRS Form W-10 to request the required information from the care provider.



How does it work?

You determine your annual election amount for the plan year based on your total eligible expenses. Your annual contribution is deducted pretax from your paycheck in equal amounts throughout the plan year. Your Dependent Care FSA funds will be available to you as your payroll deductions are taken.

Use your TASC Card to pay for eligible expenses or easily submit requests for reimbursement online or via mail or fax to receive your reimbursements.

Like a Healthcare FSA, there is a 90-day runout period following the end of the plan year. All requests for reimbursement of expenses incurred during the prior plan year must be submitted by March 31.



What expenses can be reimbursed?

A Dependent Care FSA can help pay expenses for caring for your dependents so you can work, look for work, or go to school full-time. Some examples of eligible expenses are:

Before and after school programs
(for children age 13 and under)
Late pick-up fees
Licensed daycare and adult care facilities
Nanny expenses for dependent care
Nursery/preschool fees
Summer day camp



For reference, here are a few examples of ineligible expenses: activity fees, babysitters for non-work hours, child support payments, dependent medical expenses (use a Healthcare FSA for these expenses), food, clothing, and entertainment for dependents.

This is only a partial list. For the complete list of eligible and ineligible expenses, visit [IRS.gov](https://www.irs.gov) and see IRS Publications 502 and 503.

Special rules for divorced or separated parents

A non-custodial parent who is entitled to claim the child as a dependent on their tax return may not treat the child as a qualifying individual for the dependent care benefit even when that parent is financially responsible for providing the care. Only one parent (the custodial parent) may qualify for the dependent care benefit for a taxable year. The regulations do not provide any relief for a non-custodial parent that incurs dependent care expenses for the portion of the year in which they have custody of the child to enable the non-custodial parent to work.