

# Dependent Care FSA

## Contribution Limits & IRS Regulations

The IRS sets the maximum dollar amount you can elect and contribute to a dependent care eligible spending account (dependent care FSA). The annual contribution limit for is:

- **Per household: \$5,000**
- **Per person (if married and filing separately): \$2,500**

Although most people incur more than the limit per year, we recommend reviewing how much you spend on eligible dependent care expenses every year to determine your election.



### Funds available as you contribute

Funds will be available to you as they're deducted from your paycheck and contributed to the plan. This means when payroll is processed and your paycheck is available to you, your dependent care FSA contributions will be applied to your account and available for reimbursement.



### Use-or-lose

Don't forget to spend your FSA dollars. If you have not used all of your FSA dollars before the end of the plan year, you will forfeit any money left in your account. You have 90 days after the plan year ends to submit eligible claims.



### Fast Fact

A great way to set it and forget it is to use our Recurring Dependent Care Form that allows you to submit one claim for the entire year and you will be reimbursed after each payroll.

## Changing your Dependent Care FSA election

In order to make changes to your election after open enrollment, you need to experience a qualifying life event. (If you experience a qualifying life event, contact your employer to make changes to your election.) These events include:

- Change in marital status
- Change in the number of dependents
- Increase due to birth, adoption or marriage
- Decrease due to death, divorce or loss of eligibility
- Gain or loss of eligibility due to a change in participant, spouse or dependent employment status
- Change in daycare providers
- Child turning age 13
- Increase or decrease in the cost of qualifying daycare expenses
- Judgement, decree or order requiring a change in coverage



## Dependent Care Flexible Spending Account Eligible and Ineligible Expenses

*Know What Expenses Qualify for Your Dependent Care Flexible Spending Account* - Your Dependent Care Flexible Spending Account (DCA) dollars can be used for qualifying employment-related care expenses. Expenses are considered employment-related if 1) the employee incurs the expenses to enable the employee (and the employee’s spouse) to be gainfully employed and 2) the expenses are for the care of one or more qualifying individuals.

*A qualifying individual as defined under IRC 21(b)(1) means:*

- A dependent of the taxpayer who has not attained age 13 (unless your employer elected under the CAA of 2021 to increase the age to 14)
- An adult tax dependent or the spouse of the employee who is 1) physically or mentally unable to care for himself or herself and 2) has the same principal place of abode as the employee for more than half of the year

ELIGIBLE EXPENSES	INELIGIBLE EXPENSES
<ul style="list-style-type: none"> <li>■ Au pair</li> <li>■ Babysitter inside or outside household</li> <li>■ Backup or emergency care</li> <li>■ Before and after school or extended day programs</li> <li>■ Custodial childcare or eldercare expenses</li> <li>■ Day camps</li> <li>■ Daycare centers</li> <li>■ Household employee whose services include care of a qualifying person</li> <li>■ Late pick-up fees</li> <li>■ Looking-for-work expenses</li> <li>■ Nanny expenses</li> <li>■ Preschool/nursery school for pre-kindergarten</li> <li>■ Registration fees if required to obtain care</li> <li>■ Sick-child care center</li> <li>■ Summer day camps</li> </ul>	<ul style="list-style-type: none"> <li>■ Educational/tuition expenses</li> <li>■ Field trip expenses</li> <li>■ Food, clothing or entertainment expenses</li> <li>■ Household services such as housekeeper, maid or cook</li> <li>■ Incidental expenses</li> <li>■ Overnight camps</li> <li>■ Payments to a child of the employee under the age of 19 or a dependent of the employee</li> <li>■ Payments for care while on a leave of absence, or while on maternity, or other medical leave</li> <li>■ Payments for care while you are on vacation</li> <li>■ Payment for services not yet provided</li> <li>■ Payments for care where you are not the custodial parent</li> <li>■ Tutoring programs</li> </ul>

**IMPORTANT:** Not all expenses are eligible under all plans. An employer may limit which expenses are allowable under their Dependent Care FSA plan. If you are unsure of what your Dependent Care FSA dollars may be used for, please contact your Plan Administrator.

This list is not necessarily inclusive or exclusive, and may be subject to change based on regulations, IRS revenue rulings and case law. It is solely based on our current interpretation of IRC Section 129 and is not intended to be legal advice.