

Fidelity Health<sup>SM</sup>

# Dependent Care Flexible Spending Account (DCFSA)



## What is a Dependent Care FSA?

Your out-of-pocket dependent care expenses don't have to take a big hit on your budget. Contributing to this type of account reduces taxable income and spreads the benefits of pre-tax dollars throughout the year, helping you save on your dependent care costs.

With a Dependent Care FSA, you elect to have your annual contribution deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified.

The amount of your pay that goes into a Dependent Care FSA will not count as taxable income, so you will have immediate tax savings. The IRS sets the contribution limit for Dependent Care FSAs.



### Dependent Care Expenses

Use your Dependent Care FSA to reimburse yourself for certain qualified dependent care expenses, as allowed by the IRS. Examples include:

- Babysitting (work-related)
- Before or after school programs
- Licensed nursery schools
- Qualified childcare centers
- Custodial elder care (work-related)
- Elder care (while you work, to enable you to work, or to look for work)
- Sick childcare
- Summer camps (for dependent children under age 13)
- Preschool tuition

This list is not meant to be all-inclusive. For a complete list of dependent care expenses see IRS Publication 503.

# Dependent Care FSA



## Plan Ahead

Before you enroll, you must first decide how much you want to contribute to your account. You will want to spend time estimating your anticipated qualified dependent care expenses for the year.

**Dependent Care FSAs are use-it-or-lose-it accounts.**

- The funds you contribute don't roll over from year to year. If you and your spouse's childcare plans change, then you may forfeit these funds.
- Note: some plans offer a grace period which allows for additional time to incur qualified expenses

**You'll need to make sure your expenses qualify for DCFSA spending**

- It is important to ensure that the funds being used from the DCFSA are for qualified expenses. Tracking Receipts and reimbursements is a best practice. Refer to IRS Publication 503 for a complete list of qualified dependent care expenses.



## Easy Access

You can submit DCFSA claims as often as qualified expenses are incurred. Expenses must be incurred during the plan year and the reimbursement must be requested before the end of the run-out period (unless there is a grace period).

There is no minimum claim amount, however, your employer may place a minimum on the DCFSA (usually \$15). If your eligible claim amount is less than the minimum, it will be held until additional claims are submitted:

- **Reimburse myself:** You can submit a claim by logging onto NetBenefits® and selecting the Flexible spending and reimbursement accounts tile. From there you can select Reimburse yourself tile. You can request a check disbursement or link a bank for easier transfers. Reimbursements can only be processed for expenses that have already been incurred.
- **NetBenefits AccessCard®:** In some cases, the NetBenefits AccessCard® is set up for DCFSA expenses. When spending from a DCFSA on the NetBenefits AccessCard®, only the cash available in the account at the time of purchase can be used.



## Frequently Asked Questions

Who qualifies as an eligible dependent?

An eligible dependent is any dependent under the age of 13 or a dependent who is incapable of taking care of themselves who lives in your home for more than half of the year.

How do I participate in a DCFSA?

You must elect to participate during your employer's Annual Enrollment or as the result of a qualifying life event. Contact your benefits administrator for more information.

How can I set up direct deposit?

You can add direct deposit (via a bank account) for all flexible spending and reimbursement accounts by going to NetBenefits® and selecting the Flexible spending and reimbursement accounts tile. Then select the Link a bank account tile and follow the prompts.

When is my money available?

Money is available as it is contributed to your account, typically each payroll cycle. Once you submit a claim, review occurs within two business days, and reimbursement can take as little as three business days through direct deposit once the claim is approved.

Does money carry over at the end of the plan year?

DCFSA's are "use it or lose it." You will generally forfeit any money left in a DCFSAs after the end of the year. Contact your benefits administrator for more information.

What happens if I terminate employment?

Generally, you will have a run-out period to submit claims for eligible expenses incurred while you were still actively employed. Your employer determines the length of the run-out period. After the run-out period, any remaining money in your account will be forfeited back to your employer.



## Frequently Asked Questions

Can I set up recurring reimbursements for my Dependent Care provider?

Yes. You can enter recurring claims on [NetBenefits](#) eliminating the need to file for reimbursement for each subsequent claim. Recurring claims are input with the applicable information, including the length of time that the recurring claim should be filed.

What do I do if I requested DCFSA funds in error OR a provider refunds me for an expense that I paid for with my DCFSA?

The expense can be refunded to your DCFSA via check, along with the claim number, to the standard PO Box on claim notifications. You may also contact our call center to have the corresponding claim denied so that you can repay the claim within NetBenefits®.

How much will I really save in taxes by contributing to a DCFSA?

Generally, contributions you make to your DCFSA are not subject to federal or social security taxes. In most instances, there are no state taxes taken out either.

The amount you may save depends upon:

- The amount you put into your DCFSA
- The tax percentage you would normally pay on that money (tax bracket).

Let's say you want \$2,000 taken out of your paycheck this year to put into your DCFSA. The money you direct to your DCFSA is taken out of your check before taxes are taken out. That reduces your taxable income by \$2,000.

Let's say you normally pay 30 percent in federal, social security and state taxes on your income. In this example, you would have a tax savings of 30 percent of the \$2,000. In other words, you could get a \$600 tax savings on the \$2,000 you directed to your DCFSA.



## Frequently Asked Questions

How do I change my payroll deduction amount?

Generally, your employer allows changes to your election (that would in turn update your payroll amount) with a qualifying life event such as the addition or loss of a qualifying dependent. Contact your benefits administrator for more information.

Your employer sends your payroll contributions to us to include in your DCFSA balance. Whatever amount is in your account is available on your NetBenefits AccessCard® (if applicable).

Depending how often in a month you pay your day care provider you may not have a full month reimbursements until after the month has passed. In those situations, you may need to reimburse your day care provider via another form of payment if your account has not accumulated enough payroll contributions yet. Sometimes, some participants chose to not use their NetBenefits AccessCard® and just reimburse themselves once contributions are added to the DCFSA account.

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