DEPENDENT CARE FSA PLAN RULES & REGULATIONS

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SET ASIDE MONEY TO COVER CHILD CARE EXPENSES, PRE-TAX!

It sure is easy.

RULES & REGULATIONS

- A Dependent Care FSA can help you save money. If both you and your spouse work, or you are a single parent, a Dependent Care FSA may be right for you. However, if you have a stay-at-home spouse, you should not enroll in a Dependent Care FSA.

MAXIMUM CONTRIBUTION

- $5,000 for married couples filing joint federal taxes or single persons filing as head of household.
- $2,500 for married couples filing separate federal taxes.
- If you are single or a married couple filing separately and your earned income is less than $5,000, then you may not contribute more than your earned income.

ELIGIBLE EXPENSES

- Use the funds in your Dependent Care FSA to pay for qualified child care expenses for dependents under the age of 13. Some examples include day care and general purpose day camps.
- You may also use the funds for adult day care services if you have an older dependent who lives with you at least 8 hours each day and requires daily care services. Adult day care services are qualified expenses if you work and your spouse is working, looking for work, is a full-time student, or is physically or mentally incapable of self-care.
- Dependent care services must have been "incurred", or fully provided and completed, for the service period before you can be reimbursed for your dependent care expenses. This is important to remember because most providers require prepayment of dependent care services at the beginning of the service period before they provide dependent care services. In order to follow IRS requirements, you may only be reimbursed at the end of the service period even if you prepaid the provider for dependent care services.
- *Ineligible expenses* include, but are not limited to, overnight camps, care provided by your dependent, spouse or child under the age of 19, and care provided while you are not at work.
- In order for your child care expenses to qualify, you must maintain the residence that you live in for more than half of the year with the qualified child or dependent.

TAX CREDITS

- Before you enroll, you should evaluate the tax advantages, as well as the impact on your tax liability and your ability to take advantage of the Dependent Care Tax Credit.