Dependent Care FSA
Frequently Asked Questions

1. What is a Dependent Care Flexible Spending Account (DCFSA)?

A Dependent Care Flexible Spending Account (DCFSA) is an employer-sponsored plan that allows you to use pre-tax dollars to reimburse yourself for eligible out-of-pocket expenses. With a DCFSA, you elect to have your annual contribution deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the amount you have specified. The maximum amount you may elect is set by your employer and cannot exceed the IRS maximum limit. The amount of your payroll deduction that goes into a DCFSA will not count as taxable income, so you will have immediate tax savings.

A DCFSA allows you to use your pre-tax dollars to pay for qualified dependent care expenses, such as **daycare**, **nursery school** or **summer day-camp** for children under the age of 13 and services for adult dependents who are incapable of caring for themselves.

DCFSAs are "use it or lose it." Your DCFSA belongs to your employer, and you will generally forfeit any money left in a DCFSA after the end of the year.

2. Who can put money into my DCFSA?

You and your employer, although employers rarely contribute to employees' DCFSAs.

3. 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.

4. 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.

5. 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.

6. What is an eligible expense for my DCFSA?

The IRS defines which expenses are eligible under a DCFSA. You can use your pre-tax DCFSA dollars to pay for qualified dependent care costs, such as daycare, nursery school or summer day-camp for children, and services for adult dependents who cannot care for themselves. For a full list of what's covered, view the **IRS publication 503** or consult a qualified tax advisor for advice.

7. 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.

8. When is my money available?

Money is available as it is contributed to your account, typically each payroll cycle.

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

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10. How do I access my money?

To access your funds, you can submit a claim by logging onto **NetBenefits** and selecting the Reimbursement Accounts tile. From there you can click on "File a claim".

11. Once I submit a claim, how long does it take for my money to be available?

Claim review occurs within two business days. Once your claim is approved, if you have a bank account added to your account, via **NetBenefits**, it can take as little as three business days through Electronic Funds Transfer (EFT). However, a check can take up to seven business days to arrive at your address on record.

12. 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.

13. How often can I request reimbursements?

Reimbursements can be requested 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.

14. Is there a minimum claim amount?

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.

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

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

16. How can I grant my spouse access to my account?

You may submit a Power of Attorney Form or an Authorized Representative Form. These forms can be found on the Reimbursement Accounts page on **NetBenefits**.

17. 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 are forfeited back to your employer.

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The amount you save in taxes with a Flexible Spending Account will vary depending on: the amount you set aside in the account; your annual earnings; whether or not you pay Social Security taxes; the number of exemptions and deductions you claim on your tax return; your tax bracket; and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.

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