



Employee FAQ: Dependent Care FSA

What is a Dependent Care FSA (DCA)?

A DCA is a flexible spending account that allows you to contribute a portion of your paycheck before taxes are taken out to pay for qualified dependent care expenses so that you can work or look for work.

Why should I participate?

Since contributions to the account are deducted from your paycheck before income taxes are assessed, your taxable income is reduced. Participants enjoy a 30% average tax savings on the total amount they contribute to the account.

How do I contribute money to my DCA?

Once you make your annual election during open enrollment, your employer will deduct this amount from your paycheck before taxes are assessed in equal amounts throughout the year.

How much can I contribute?

You can find the max contribution rates for the year here: DifferenceCard.com/Services/Products/Dependent-Care/

Who qualifies as a dependent?

You can use your DCA to pay for care for children 12 and under that you claim as dependents, as well as adults or other relatives that are incapable of caring for themselves (if you provide more than 50% of their support).

What type of care is eligible?

Eligible expenses must be for the purpose of allowing you to work or look for work. Services may be provided at a child or adult care center, nursery, preschool, after-school, summer day camp, or a nanny in your home. The person providing the service must claim it as taxable income.

What type of care is not eligible?

Care expenses that are not eligible to be paid with DCA funds include care for a child over age 13, overnight camp, babysitting that is not work related, school fees for kindergarten and higher grades, and long-term care services.

Do I have access to my entire DCA election amount at the beginning of the year?

No, you will only have access to DCA funds that have already been deducted from your paycheck.

Are there any rules about who can care for my dependents?

Yes. You cannot use funds to pay for care provided by a spouse, a person you list as a dependent for income tax purposes, or one of your children under the age of 19.

How do I use the funds in my account?

You can swipe your benefits debit card where accepted and pay directly from your DCA account. Otherwise, you can submit a claim via the mobile app for your DCA, out of pocket expense.

What happens if I do not spend all my DCA funds by the end of the plan year?

Do not delay in submitting claims or you could lose money. There is a deadline on when funds must be used. Check the last day to spend and the last day to claim on your mobile app.

Can I change my election amount mid-year?

Typically, you cannot change your contribution mid-year. However, if you experience a qualifying event, such as the birth of a new child, a change in your childcare provider, or if your rates for your childcare significantly increases, you may be eligible to adjust your contribution.

What happens to my account if my employment is terminated?

There are spend down provisions in place for eligible expenses incurred during the plan year. Check the mobile app for relevant deadlines. Do not delay submitting claims or you could lose funds!

Can I still deduct dependent care expenses on my tax return?

Yes, but not the same expenses for which you have already been reimbursed. If your total expenses were \$7,000 and you were reimbursed \$5,000 from your DCA, you may only claim the \$2,000 difference.



The Difference Card

Visit DifferenceCard.com/Services/Products/Dependent-Care/ for more info.