

# Dependent Care Flexible Spending Account (FSA)

## What is a Dependent Care FSA?

A Dependent Care FSA is an employee benefit that can save you money on your family's child or elder care expenses.

## How will an FSA save me money?

When you enroll in a Dependent Care FSA, the amount you contribute is deducted from your paycheck on a pre-tax basis, meaning you pay less in taxes. Here's an example:

| Annual Savings*                                  | With FSA   | Without FSA |
|--|------------|-------------|
| Annual Pay                                       | \$50,000   | \$50,000    |
| LPFSA pre-tax contribution                       | (\$5,000)  | \$0         |
| Taxable income                                   | \$45,000   | \$50,000    |
| Federal income, Social Security & Medicare taxes | (\$10,465) | (\$12,097)  |
| After-tax dollars spent on eligible expenses     | \$0        | (\$5,000)   |
| Real spendable income                            | \$34,535   | \$32,902    |
| Savings with the LPFSA                           | \$1,632    | \$0         |

\* Sample tax savings for single taxpayer with no exemptions. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

## Should I enroll?

You should consider enrolling if you and your spouse (if married) work, are looking for work or attend school on a full-time basis and you:

- Have children under age 13 who attend daycare, before/after-school care or summer day camp.
- Provide care for any person who is mentally or physically incapable of caring for themselves and the care provided complies with other IRS requirements.

## How much should I contribute to the FSA?

Look at what you typically spend each year on out-of-pocket child or elder care. Visit [www.spendingaccounts.info](http://www.spendingaccounts.info) and select "See Your Savings" to estimate the amount that's right for you.

**NOTE:** \$5,000 is the annual regulatory maximum per household for Dependent Care FSA contributions. Your employer determines the minimum amount you may contribute.

## What is use-it-or-lose-it?

Because FSAs have tax benefits, the IRS places guidelines on them. As a general rule, any funds left in your account at the end of the plan year cannot carry into a subsequent year or be used to reimburse you for expenses you incurred after the end of the plan year. So, plan carefully when determining how much to contribute. However, the IRS does allow employers to offer a 2 1/2 month extension (also called a "grace period") to give you extra time to use all of your funds. Check with your employer to see if this option is available to you.

## What are some of the eligible expenses?

- Care at licensed nursery schools or child centers.
- Care provided in or outside your home during your working hours.
- Before/after-school care
- Day camps
- Elder care

## How do I enroll?

Enroll in a Dependent Care FSA during your employer's benefits enrollment period. Determine the annual amount you want to contribute and your employer deducts that amount from your paycheck, before taxes, in equal amounts throughout the benefit year. Remember that you must re-enroll for the FSA each benefit year. And, you can manage your account online!

## How do I use the FSA?

- Pay for an eligible expense out of your pocket.
- Submit online or use a claim form to fax/mail your expense information, along with appropriate documentation.
- Spending Accounts by WageWorks™ processes your request and, if it's eligible, reimburses you by check or direct deposit to your checking or savings account.

## Where can I learn more?

Visit [www.spendingaccounts.info](http://www.spendingaccounts.info) for more information about FSAs, including a list of eligible expenses. To speak with an FSA specialist, call **1-800-228-5762**.