



Dependent Care Flexible Spending Account (FSA)

FREQUENTLY ASKED QUESTIONS BY EMPLOYEES

What is the Dependent Care FSA?

The Dependent Care FSA allows you to use pretax dollars to pay for eligible expenses related to care for your child, disabled spouse, elderly parent, or other dependent who is physically or mentally incapable of self-care, so you (or your spouse) can work, look for work, or attend school full time. Eligibility for the dependent care benefit requires that certain criteria be met, which is outlined in this document.

How does the FSA Plan work?

The FSA is offered through your employer and is administered by TASC. When you choose to enroll in a FlexSystem **Dependent Care FSA**, you determine the dollar amount you want to contribute to the account based on your estimated dependent care expenses for the upcoming Plan Year. Your elected contributions are deducted from your payroll on a pre-tax basis throughout the Plan Year in equal amounts and deposited into your FlexSystem account. This is done on your authorization by enrolling in the FlexSystem Plan.

What are the requirements to participate in the Dependent Care FSA?

The dependent care expenses must be work-related. The care must be necessary for the employee and/or the employee's spouse to work, to look for work, or to attend school full-time, or if they are physically unable to care for their children.

The dependent care expenses must be for the care of one or more qualifying persons. A "Qualifying Person" is defined as one of the following:

- A) A dependent who was under age 13 when the care was provided and for whom an exemption can be claimed.
- B) A spouse who was physically or mentally not able to care for himself or herself, and lived with you for more than half the year.
- C) A dependent who was physically or mentally not able to care for himself or herself and for whom an exemption can be claimed, and lived with you for more than half the year.

Refer to the specific procedures outlined in the *Dependent Care FSA Qualifications Flyer* (FX-3166).

What are qualified dependent care expenses?

A partial list of eligible expenses includes:

- Fees for licensed day care or adult care facilities
- Before and after school care programs for dependents under age 13
- Amounts paid for services (including babysitters or nursery school) provided in or outside of your home
- Nanny expenses attributed to dependent care
- Nursery school (preschool) fees
- Summer Day Camp – primary purpose must be custodial care and not educational in nature
- Late pick-up fees

For more information regarding dependent care expenses that are eligible for reimbursement, please review the list of Eligible Expenses for each FlexSystem benefit (visit the participant resources page at: www.tasconline.com/eligible-expenses/)

PLEASE NOTE: Medical expenses for your dependent are not eligible for reimbursement under the Dependent Care FSA. You may only be reimbursed for medical expenses under the Healthcare FSA.

How does the Dependent Care Account compare with the tax credit available on the individual Form 1040?

The circumstances that determine which option offers greater savings vary from family to family, as such, the decision to choose the tax credit or the dependent care deduction may be made on a case by case basis only. Participation in

FlexSystem results in an immediate savings on Federal, State and Social Security tax, whereas the Federal credit will affect Federal Income Tax only and will be taken at year-end.

To determine whether it is more beneficial for you to participate in the Dependent Care FSA or take the tax credit (cannot do both), please review the *Dependent Care FSA vs Tax Credit Flyer (FX-5571)*.

What is the maximum contribution amount I can elect per year?

The dependent care expenses provided during a calendar year cannot exceed **\$5,000**. In the case of a separate return by a married individual, the limit is \$2,500. This amount may be less if the employee's earned income or spouse's earned income is less than \$5,000.

Determine your total annual amount of qualified dependent care expenses for the Plan Year. Your annual contribution to the FlexSystem Dependent Care FSA must be within the minimum and maximum amounts set by your employer based on the maximum allowed by the IRS.

When can I start using my Dependent Care FSA funds?

Different from the Healthcare FSA, you may only access dependent care funds as they are contributed to your benefits account (pay in-pay out).

The dependent care funds are added to your account when your payroll contributions are posted to your account. This is a balanced account and are posted to your account in a bi-weekly basis.

Can I use my TASC Card to pay for dependent care services?

Yes, you can pay your daycare provider directly with the TASC Card if they accept Mastercard.

Do FSA funds rollover?

No. Any remaining funds in your Dependent Care FSA at the end of the Plan Year will be forfeited. This is commonly known as the "*use it or lose it*" rule. It is important to be conservative in making elections because any unused funds left in your FSA at the close of the Plan Year are forfeited and not refundable to you. You are urged to take precautionary steps, such as tracking account balances on the FlexSystem website to avoid having funds remaining in your account at year-end. FlexSystem provides tools to make it easy for you to monitor/check your account balances in order to avoid having a leftover balance at the end of a Plan Year:

- MyTASC Web Portal
- MyTASC Mobile App and Text Message
- FlexSystem Interactive Voice Response (IVR) Phone System (608-241-1900 or 800-422-4661)

What is a Grace Period?

A Grace Period is the period of time added to the end of your Plan Year in which you may incur and submit eligible expenses against the just-ended Plan Year. Because you have more time to use your funds, the risk of forfeiting unused funds at the Plan year-end is reduced.

While the maximum Grace Period is two months and 15 days, your employer may have chosen a shorter Grace Period. Please refer to your Summary Plan Description for details or log in to your MyTASC account (www.tasconline.com) and click "View Account Overview" to view your Grace Period end date

How long do I have to submit claims/requests for reimbursement?

Active FSA Participants can spend their available funds through **March 15 of the following year** and may submit requests for reimbursement until **April 15 of the following year**.

Under what circumstances can the annual election be changed?

The laws governing FSA plans generally do not allow changes to benefit elections during a Plan Year. Your elections are irrevocable and any balance remaining in your account at the close of the Plan Year is forfeited

You may only change your FSA elections during the Plan Year if you experience a change of status such as:

- a marriage or divorce
- birth or adoption of a child, or
- a change in employment status

Please refer to the *Change of Election Form* (available from your employer) for a complete list of circumstances acceptable for changing elections mid-year. A request to change your election must be submitted in writing within thirty (30) days of any applicable qualifying event.