

Fidelity Health®

Child and Elder Care Spending Account



What is a Child and Elder Care Spending Account?

This FSA allows you to be reimbursed for qualified dependent care expenses so you (and your spouse if you are married) can go to work, look for work, or attend school full time. Your budget doesn't have to take a big hit from your dependent care expenses. Contributing to this type of account reduces your taxable income and allows you to use pre-tax dollars for these expenses throughout the year.

With a Child and Elder Care Spending Account, you elect to have your annual contribution amount deducted from your paycheck in equal installments throughout the year, until you reach the yearly maximum you have specified.

The amount of your pay that goes into a Child and Elder Care Spending Account will not count as taxable income, so you will have immediate tax savings. The IRS sets the contribution limit for Child and Elder Care Spending Accounts. For more information, refer to [IRS Publication 503](#) or consult your tax advisor.



Dependent care expenses

Use your Child and Elder Care Spending Account to reimburse yourself for certain qualified dependent care expenses, as allowed by the IRS. Examples include:

- Babysitting (work-related)
- Before- or after-school programs
- Licensed nursery schools
- Qualified childcare centers
- Custodial elder care (work-related)
- Elder care (while you work, to enable you to work, or to look for work)
- Sick childcare
- Summer camps (for dependent children under age 13)
- Preschool tuition

This list is not meant to be all-inclusive. For a complete list of dependent care expenses, refer to [IRS Publication 503](#).

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Plan ahead

Before you enroll, you must first decide how much you want to contribute to your account. You will want to spend time estimating your anticipated qualified dependent care expenses for the year.

Child and Elder Care Spending Account elections are made per plan year.

- The funds you contribute don't roll over from year to year. Typically, you will forfeit any funds left in a Child and Elder Care Spending Account after the end of the plan year.
- A grace period allows for additional time to incur qualified expenses. View the plan details for more information.

You'll need to make sure your expenses qualify.

- It's important to ensure that the funds being used from the Child and Elder Care Spending Account are for qualified expenses. You should consider saving receipts and tracking payments and reimbursements. Receipts should include provider name, provider Tax ID number (or Social Security Number), provider contact information, the dependent name, service dates (begin and end dates), a description of the service, and the expense amount.



Easy access

You can submit Child and Elder Care Spending Account claims as often as qualified expenses are incurred. Expenses must be incurred before the plan year's grace period, and any reimbursements must be requested before the end of the run-out period.

- Reimburse yourself: You can submit a claim by logging in to [NetBenefits®](#) and selecting "Flexible spending and reimbursement accounts." From there, select "Reimburse yourself." You can request a check disbursement or link a bank account for faster transfers. Reimbursements can only be processed for expenses that have already been incurred.
- Debit card: The debit card can be used for Child and Elder Care Spending Account expenses. When using the debit card, only the cash available in the account at the time of purchase can be used. When necessary, receipts can be easily uploaded to [NetBenefits](#).

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Frequently asked questions

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.

How do I participate in a Child and Elder Care Spending Account?

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.

How can I set up direct deposit?

You can add direct deposit (via a bank account) for all flexible spending and reimbursement accounts by going to [NetBenefits](#) and selecting "Flexible spending and reimbursement accounts." Then select "Link a bank account" and follow the prompts.

When is my money available?

Money is available as it's contributed to your account, typically each payroll cycle. Once you submit a claim, review occurs within 2 business days, and reimbursement can take as little as 3 business days through direct deposit once the claim is approved.

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

Child and Elder Care Spending Account elections, payments, and reimbursements are made per plan year. You will generally forfeit any money left in a Child and Elder Care Spending Account after the end of the plan year. Contact your benefits administrator for more information.

What happens if I terminate employment?

Because your Child and Elder Care Spending Account is owned by your employer, any remaining funds in your account will be forfeited back to your employer. Most employers offer a run-out period for you to submit claims for qualified 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 will be forfeited back to your employer. Contact your benefits administrator for more information.

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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 claim. Recurring claims are input with the applicable information, including the length of time that the recurring claim should be filed.

What do I do if I requested dependent care funds in error or a provider refunds me for an expense that I paid for with my Child and Elder Care Spending Account?

The funds can be refunded to your Child and Elder Care Spending Account via check, along with the claim number, to the standard address on claim notifications. You may also contact our call center to have the corresponding claim denied so that you can repay the claim within [NetBenefits](#).

How much will I really save in taxes by contributing to a Child and Elder Care Spending Account?

Generally, contributions you make to your Child and Elder Care Spending Account 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 Child and Elder Care Spending Account
- The tax percentage you would normally pay on that money (your tax bracket).

Let's say you want \$2,000 taken out of your paycheck this year to put into your Child and Elder Care Spending Account. The money you direct to your Child and Elder Care Spending Account 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% in federal, Social Security, and state taxes on your income. In this example, you would have a tax savings of 30% of the \$2,000. In other words, you could get an estimated tax savings of \$600 on the \$2,000 you directed to your Child and Elder Care Spending Account.

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How do I change my payroll deduction amount?

Generally, your employer allows changes to your election (that would in turn update your payroll deduction amount) when you have a qualifying life event such as the addition or loss of a qualifying dependent. Changes made during Annual Enrollment would take effect during the following plan year. Contact your benefits administrator for more information.

Your employer sends your payroll contributions to us to include in your Child and Elder Care Spending Account. Whatever amount that is in your account is available on your debit card.

Depending how often in a month you pay your care provider, you may not have a full month's worth of reimbursement until after the month has passed. In such a situation, you may need to pay your care provider via another form of payment if your Child and Elder Care Spending Account has not accumulated enough payroll contributions yet. Sometimes, some participants choose to not use their debit card and just reimburse themselves once contributions are added to their Child and Elder Care Spending Account.

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