



Dependent Care FSA



Your out-of-pocket dependent care expenses don't have to take a big hit on your budget. Contributing to this type of account reduces taxable income and spreads the benefits of pre-tax dollars throughout the year, helping you save on your dependent care costs.

WHAT IS A DEPENDENT CARE FSA?

With a Dependent Care FSA, you elect to have your annual contribution deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified. The amount of your pay that goes into a Dependent Care FSA will not count as taxable income, so you will have immediate tax savings. The IRS sets the annual contribution limits for Dependent Care FSAs. A different limit may apply to you according to your employer's plan.

Dependent Care FSA	Current Year
Maximum annual contribution limit; married and filing jointly or single	\$5,000
Maximum annual contribution limit; married and filing separately	\$2,500

DEPENDENT CARE EXPENSES

Use your Dependent Care FSA to reimburse yourself for certain eligible dependent care expenses, as allowed by the IRS.

- 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 see IRS Publication 503.

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 eligible dependent care expenses for the year.

- Dependent Care FSAs are use-it-or-lose-it accounts. The funds you contribute don't roll over from year to year. If you and your partner's childcare plans change, then you may forfeit these funds.
- You'll need to make sure all your expenses qualify. This means tracking receipts, reimbursements and other qualifying costs associated with your childcare and making sure that all childcare services you use are eligible for the funds in a Dependent Care FSA.



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.