

Rules and Regulations

A Dependent Care Flexible Spending Account can help you control your child care expenses while saving you money. If both you and your spouse work, or you are a single parent, a Dependent Care FSA may be right for you. However, if you have a stay-at-home spouse, you should not enroll in a Dependent Care FSA.

Maximum Contribution

- \$5,000 for married couples filing joint federal taxes
- \$2,500 for married couples filing separate federal taxes
- If you are single or a married couple filing separately and your earned income is less than \$5,000, then you may not contribute more than your earned income.

Eligible Expenses

- Use the funds in your Dependent Care FSA to pay for qualified child care expenses for dependents under the age of 13. Some examples include day care, baby-sitting and general purpose day camps.
- You may also use the funds for adult day care services if you have an older dependent who lives with you at least 8 hours each day and requires daily care services. Adult day care services are qualified expenses if you work and your spouse is working, looking for work, is a full-time student, or is physically or mentally incapable of self-care.
- Unlike a Health Care FSA, you may only use the funds that have been deposited into your account and pay for expenses that have already been incurred. While you may pay in advance for child care services, you may only be reimbursed as the expense is incurred and as contributions are made to your account.
- Ineligible expenses include, but are not limited to overnight camps, care provided by your dependent, spouse or child under the age of 19, and care provided while you are not at work.
- In order for your child care expenses to be qualified, you must maintain a residence that you live in for more than half of the year with the qualified child or dependent.

Tax Credits

- If you participate in a Dependent Care FSA, you may not claim child care credits on your tax return.
- Before you enroll, you should evaluate the tax advantages for each option, as well as the impact on your tax liability and your ability to take advantage of the Dependent Care Tax Credit.

Savings amounts in the example on the previous page are examples provided by Taben for illustrative purposes only. You may save more or less based on your own tax situation. Some states do not recognize these tax exclusions for this program. No part of this document is tax, financial, or legal advice. You should consult your own legal and tax advisors regarding your personal situation and whether this is the right program for you.