



# Dependent Care Flexible Spending Accounts

Work without worry.



**A Dependent Care Flexible Spending Account (FSA) helps employees set aside and pay for dependent care expenses such as after-school care or adult daycare for qualifying dependents through pre-tax payroll deductions. Dependent care expenses must be for the purpose of allowing the employee and their spouse, if married, to work.**

## **A qualifying dependent is:**

- A tax dependent of the employee who is under age 13.
- Any other tax dependent of the employee, such as an elderly parent, who is physically or mentally incapable of self-care and has the same principle residence as the employee.
- A spouse who is physically or mentally incapable of self-care and has the same principle residence as the employee.

## **How a Dependent Care FSA works:**

- You can put money into your Dependent Care FSA via payroll deduction, in equal installments. Your employer may also choose to contribute to your FSA.
- You can pay for eligible dependent care expenses with your Health Benefits Debit Card directly to your provider, or pay out-of-pocket and submit a claim to HSA Bank for reimbursement.
- When submitting a claim, scan and upload your receipt(s) with HSA Bank's mobile app or your computer.
- Once your claim is approved based on eligibility and availability of funds, reimbursement will be sent to you.
- Check balances and account information via HSA Bank's Member Website or mobile device 24/7.

## **What are the annual IRS contribution limits?**

The IRS limits the amount an employee can put into a Dependent Care FSA. Visit [hsabank.com/irs-guidelines](https://hsabank.com/irs-guidelines) for the current limits.

## **How can you benefit from tax savings?**

A Dependent Care FSA provides tax savings to you in several ways:<sup>1</sup>

- Contributions made by you and your employer will be excluded from your gross income.
- Withdrawals are tax-free for eligible dependent care expenses.

## Eligible dependent care expenses

### After-school care

The cost of after-school care (i.e., following the end of the school day) is reimbursable. The primary purpose must be for care of the child and not for education.

### Adult daycare

The person must be a qualifying person for the FSA employee; expenses cannot be attributable to medical care; and the qualifying person must regularly spend at least eight hours each day in the employee's home.

### Au pair

Amounts paid to an au pair are reimbursable. This includes contract fees, background fees, and up-front fees as long as the agency requires them and the au pair has been hired. Note: pre-paid fees are pro-rated throughout the contract period.

### Did you know?

- Under IRS guidelines, employees can only be reimbursed for dependent care that has already taken place.
- Employees can only be reimbursed for the amount they have already contributed to their Dependent Care FSA.
- Unlike the Healthcare FSA, the full amount of the dependent care election is not available January 1st.

For additional information, refer to Publication 503 on the IRS website at [www.irs.gov](http://www.irs.gov).

<sup>1</sup> HSA Bank does not provide tax advice. Consult your tax professional for tax-related questions.



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