

What Kind of Dependent Care FSA Expenses are Eligible?

Who is eligible for the dependent care account?



If you are married, you can use the account if you and your spouse work, or in some situations, if your spouse goes to school. You can also use the account if your spouse is disabled and unable to care for the children. Single parents can also use the account.

Which dependents are eligible?

An eligible person is defined as an individual who qualifies as a dependent for income tax purposes and is:

- Under the age of 13, or physically or mentally unable to care for himself or herself; or
- Your spouse, or other dependent (child and/or parent) who is physically or mentally unable to care for himself or herself.

If the care is provided outside your home, the expenses can be reimbursed only if the eligible person regularly spends at least 8 hours a day in your home.

What Expenses Are Eligible for Reimbursement?

The following types of care are reimbursable from a Dependent Care Spending Account:

- Care provided inside or outside your home by anyone other than: your spouse, a person you list as your dependent for income tax purposes, or one of your children under age 19.
- Cost of care for school-age children through age 12. This includes nursery school expenses, even if the school also furnishes lunch & educational services. Educational expenses for a child in kindergarten or higher are not considered expenses for care. If dependent is in kindergarten or higher, the cost of schooling must be separated from the cost of care.
- A dependent care center or child care center (if the center cares for more than six children, it must comply with applicable state & local regulations).

NOTE: If you participate in the Dependent Care Spending Account, the IRS will require you to report the Social Security number or Taxpayer Identification number of your provider on your federal income tax return by completing Form 2441.

- A housekeeper, au pair, or nanny whose services include, in part, providing care for a qualifying dependent.
- Day care costs while in day camps
- FICA and FUTA taxes • Preschool or nursery school

How Much Can I Contribute to the Dependent Care Spending Account?

The Internal Revenue Service places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Spending Account.



Generally, your contributions may not exceed the lesser of:

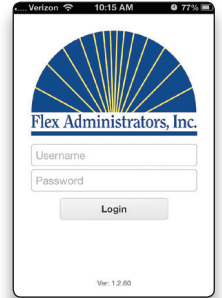
- 1 \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns);
- 2 your taxable income; or
- 3 your spouse's income (for calculation purposes, a spouse who is a full-time student or incapable of caring for himself/herself is considered to have a monthly income of \$250 for one dependent or \$500 for two or more dependents).

How Do I Submit Claims?

In order to receive reimbursement from your account, please collect the proper documentation and submit your claim via one of the options below.

Ways to File a Claim

1. Via our mobile app
2. Via your online account
3. E-mail your Claim to claims@flexadministrators.com*
4. Submit via Fax at 866-320-1934*
5. Submit via Mail at*: Flex Administrators, Inc.
77 Monroe Center, NW
Suite 1100
Grand Rapids, MI 49503



*If you choose to file your claim via email, fax or mail, please use a Request for Reimbursement Form.



Also, please note we cannot accept Word (.doc, .docx), Excel (.xls, .xlsx), TIF (.tif) or Photoshop PSD (.psd) file types as attachments for claims submissions. In order to ensure claim receipt, please submit attachments as either an Image (.jpg) or Adobe Acrobat (.pdf) file type.

If you submit a claim by email you will receive an email response verifying that your claim was received.

CLAIM PROCESSING TIME PERIOD: 2 Business Days from time claim is received.

(This includes processing documentation requested for MySource Card Transactions.)

What Do I Need to Submit in Order to Get Reimbursement?

You will need an **Itemized Receipt** from the day care provider. The receipt must reference the from/through date of service and be signed by the provider (or on the provider's letterhead).

You can prepare your own receipts for your day care provider to complete using the sample below:

Receipt for Child Care Services

For the Time Period: ___ / ___ / ___ through ___ / ___ / ___

For the Amount of \$ _____

Paid by: _____

Received by: _____

Date: ___ / ___ / ___

Things to Consider

For help making your election, consider the following questions.

- How much have I spent for myself and my dependents on out-of-pocket medically related expenses in the past 12 months?
- How much will I spend for ongoing medical expenses next year?
- Am I better off having dependent care expenses paid through the Dependent Care Spending Account or taking the child care tax credit?
- Does my spouse also contribute to a Dependent Care Spending Account? The maximum amount any one family can contribute during a calendar year is \$5,000.
- Do I understand that I cannot take a federal income tax deduction for expenses I am reimbursed for from my Dependent Care Spending Account?
- If you or any member of your family is enrolled in a high deductible health plan with an HSA, you may be limited in your participation of the medical FSA plan.

Be conservative in estimating your plan year contribution. You may not claim any other tax deduction under this Plan, although the balance of your eligible dependent care expenses may be eligible for the dependent care tax credit. The Dependent Care Spending Account is generally more advantageous than taking a federal tax deduction if you fall into general annual salary categories based on how you file your federal income tax and your adjusted gross income. See the dependent care worksheet that compares the tax credit to the Dependent Care Spending Account plan.

Legal Requirements of the Plan

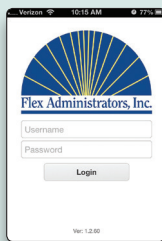
- 1 Binding Contribution:** When a participant signs up to make a contribution, the amount decided upon is “locked in” unless they incur a “change in status” (explained below).
- 2 Use-it or Lose-it Rule:** Please refer to your plan specifics sheet to determine if this may or may not impact you.
- 3 “Advance Reimbursement”** applies only to the Health Care Spending Account and allows a participant to be reimbursed up to the maximum of their plan year election prior to their full year contribution.

Ways to Manage Your Account

Our mobile app is available for Android or Apple products!

The app lets you view balances, claims and card transactions as well as submit a claim through the SnapClaim feature! No more faxing receipts! You can file a claim directly from your mobile device with a photo of the receipt.

You can check account balances 24/7 *securely* since no information is stored on the mobile device.



Online Claim Entry

You have the option to enter your claim on our website and then upload your receipts without having to mail or fax anything to our office! Simply log in to your account and choose ONLINE CLAIMS ENTRY.

From there the website will walk you through entering your claims information and then uploading your receipts. A step by step guide can also be provided to you by contacting our office.

FSASore

Flex Administrators, Inc. has partnered with FSASore to help you understand the many available uses of your Flexible Spending Account. The site helps



make purchasing FSA eligible items simple. You can access the store through our website at www.flexadministrators.com. You can use the coupon code to save on your first purchase.



This chart will help to explain the Use-it or Lose-it rule.

\$25.00 Weekly Contribution x 52 Weeks	\$1,300.00
15% Federal Income Tax Savings	\$195.00
7.65% Social Security Tax Savings	\$99.45
4% State Tax Savings*	\$52.00
Total Tax Savings	\$346.45
Money Left in account at the end of the year	\$100.00
Tax Savings Even With Money Left In Account	\$246.45

*Tax rates may vary by state.

Use-it or Lose-it. Is it that bad?

Flexible Spending Account regulations require that money not used by the end of the plan year must be forfeited, so it's important to plan carefully. Keep in mind that you cannot transfer Flexible Spending Account monies from the Health Care Account to the Dependent Care Account and vice versa. This table shows the tax savings even if there is money left in the account. As you can see, the example leaves \$100.00 which is forfeited because of non use. Yet because of the tax savings this individual would still be tax dollars ahead by participating.

Can I Change My “Plan Year” Election?

Generally, no. You may not change your contribution during the plan year, unless you have an IRS “change in status,” and the change in your contribution is “due to and on account of” the change in status. The IRS defines a change in status as:

- 1 Change in employee’s legal marital status** – including marriage, divorce, death of spouse, legal separation, and annulment.
- 2 Change in number of dependents** – including birth, adoption, placement for adoption, and death.
- 3 Change in employment status** – Any of the following events that change the employment status of the employee, the employee’s spouse, or the employee’s dependent qualify: a termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; and a change in work site.
- 4 Dependent satisfies (or ceases to satisfy) dependent eligibility requirements** – an event that causes the dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, gain or loss of student status, marriage, or any similar circumstances.
- 5 Residence change** – a change in the place of residence of an employee, spouse, or dependent (if the residence change affects the employee’s eligibility for coverage).

You can also change your contribution to the dependent care account during the plan year in the following situations:

- When the dependent ceases to qualify as a dependent (for example, the child reaches age 13);
- When the employee switches to a new dependent care provider; and,
- When the cost of the dependent care expense increases or decreases. However, a mid-year election change due to cost is not allowed where the dependent care provider is a relative of the employee.

If a change in status occurs, you must inform your employer of your new election within 30 days of the occurrence.



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