Dependent Care
Flexible Spending Accounts

What is a Dependent Care Flexible Spending Account?

A Dependent Care Flexible Spending Account, also known as a Dependent Care FSA, is a pre-tax employee spending account that reimburses for qualified dependent care expenses. Qualified expenses include childcare for a dependent under age 13 or care for a spouse or dependent that is not able to care for him or herself. The pre-tax deduction applies to a participant's federal, state, and FICA taxes, which can add up to nearly a 40% tax savings in many instances.

Is the Dependent Care Flexible Spending Account the same as the Federal Dependent Tax Credit?

Be careful not to confuse the Dependent Care Flexible Spending Account with the Federal Dependent Care Tax Credit. The Federal Dependent Care Tax Credit provides federal tax savings only. Expenses reimbursed under the Dependent Care Flexible Spending Account may not be submitted for the Federal Dependent Care Tax Credit. The Federal Dependent Care Tax Credit allows for tax credits beyond the Dependent Care Flexible Spending Account limits, therefore, it may be beneficial to consult a tax advisor on how best to maximize the available tax benefits.

Who is eligible to participate in a Dependent Care Flexible Spending Account?

An individual may qualify for a Dependent Care Account if, and only if, the individual has to pay someone to look after his or her dependent in order for the individual to work or look for work. If the individual is married, the spouse must also be working, attending school full-time, or disabled. If the individual is single, he or she must qualify as head of household.

What is an example of a qualified expense under the Dependent Care Flexible Spending Account?

Qualified expenses include childcare, nanny, nursery or pre-school, before and after school care, fees and deposits paid to obtain services (as long as services are provided), a general purpose day camp for a dependent under age 13, or the care of a dependent that lives with the participant at least 8 hours a day and is not able to care for him or herself.

Are taxes paid on behalf of a Nanny or other household care provider eligible for reimbursement?

The taxes you pay on wages for a qualifying child and dependent care service are considered work-related expenses and, therefore, eligible for reimbursement.

What is an example of a non-qualified expense under the Dependent Care Flexible Spending Account?

A non-qualified expense would include the payment to a spouse for providing care to a dependent, payment for care while the participant is not at work or attending school, and any overnight camps for a dependent child under age 13. Daycare services can be provided in your home or another location, but not by your minor child or other tax dependent.

How is a Dependent Care Flexible Spending Account funded?
The amount of the participant's deferral election is placed in a Dependent Care Flexible Spending Account each pay period. This account is not prefunded; therefore, a participant has access only to the available funds in the account when requesting a reimbursement.

How does a participant receive reimbursement?
Internal Revenue Service (IRS) regulations allow reimbursement for services provided through a Dependent Care account only after the care has been provided. If a participant pays for monthly services in advance, only the amounts for which service has been incurred will be reimbursed. The Goldleaf Claim Form (available on the consumer portal) should be completed and submitted along with documentation for services provided.

What documentation is required when submitting a request for reimbursement?
Reimbursement requests must include an itemized statement from the dependent care provider that includes the following: provider's name and address, service dates, dependent name(s), type of service, and amount billed. In lieu of an itemized statement from the provider, the participant can utilize the Dependent/Child Care Receipt that is available on the Consumer Portal. Credit card receipts or balance forward statements do not meet the requirements for supporting documentation.

How much may a participant contribute to the Dependent Care Account?
The Internal Revenue Service regulates the maximum amount an eligible participant may deduct from his or her annual salary. The amount depends on the tax filing status of the participant:

Married – filing jointly	$5,000
Married – filing separately	$2,500
Single – head of household	$5,000

May a participant change his or her salary deduction amount during the calendar year?
A salary deduction is fixed for a calendar year unless the participating individual has a qualifying change in status event or has a change in cost or coverage for the dependent care.