DEPENDENT CARE FSA (DFSA)

FAQ + + +

ARCHDIOCESE OF INDIANAPOLIS
The Church in Central and Southern Indiana

Q) What is a dependent care flexible spending account (DCFSA)?

A) A dependent care flexible spending account (DCFSA) allows you to have pre-tax dollars withheld from your paycheck to pay for eligible dependent care expenses. Depending on your tax bracket, you may save up to 30 percent or more in taxes.

A DCFSA covers employment-related expenses for child care. Qualified expenses must be for services that allow for you to be able to go to work. Typical expenses under this account include charges for day care, nursery school and elder care (though not if it is for medical care) for your legal tax dependents. The DCFSA funds are loaded on a per payroll basis.

Q) How much can I contribute to the DCFSA?

A) For the DCFSA, the minimum is $100 per year and the maximum is $2,500 if you file single on your tax returns or $5,000 if you file jointly on your tax returns.

Q) Who is the DCFSA vendor?

A) HealthEquity will administer the DCFSA.

Q) What are the general features and tax benefits of a DCFSA?

A) Your contributions are pre-tax. Tax free withdrawals are made to pay your out-of-pocket expenses related to dependent care. Because of these tax advantages, the more you put in your DCFSA, the more money you could save. The amount of savings will depend on your personal tax rate. Contributions are tax-deductible on your federal tax return.

Q) Am I eligible to participate in a DCFSA?

A) You are eligible for this benefit if you have a dependent (whose expenses are eligible) who requires care to enable you to work. In addition, you must meet one of the following eligibility criteria:

1. You are unmarried.
2. Your spouse works, is a full-time student, is actively seeking work or is disabled (incapable of self-care).
3. You are divorced or legally separated and have custody of your child even though your former spouse may claim the child for income tax purposes. Your dependent care FSA can be used to pay for child care services provided the period the child resides with you.

Important notes: You cannot receive reimbursement for future or projected expenses. All submitted expenses are reviewed for eligibility according to Internal Revenue Code Section 125 guidelines.

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Q) What are eligible DCFSA expenses?

A) Recurring expenses are daycare expenses for eligible dependents (see below) that are incurred so you and your spouse can work. Eligible dependents include:

1. Children under age 13 who are claimed as a dependent for tax purposes
2. Care of a disabled spouse or disabled dependent of any age.

Q) How can I reimburse myself for dependent care services?

A) Download the WageWorks/EZ Receipts app onto your smartphone and submit via your phone. You can also log in to your account online here.

Q) What happens to my DCFSA if I terminate employment?

A) Participation in the DCFSA ends if you terminate employment. This means only expenses incurred prior to your termination date are eligible for reimbursement. Claims for these expenses must be submitted within the run-out period.

Q) What is the run-out period?

A) The run-out period is 90 days after your termination date or if you remain an active employee the 90 days is after the end of the calendar year.

Q) How do I determine the date my expense(s) were incurred?

A) A service or expense must be incurred before it is eligible for reimbursement. A DCFSA expense is considered "incurred" when the service is performed, not when you pay for the service. In addition, the service must be performed during your participation in the plan. Services or expenses incurred before or after your plan participation dates do not qualify for reimbursement.

Q) What happens if I do not use all the money in my account by the end of the plan year?

A) Money remaining in your DCFSA at the end of the plan year will be forfeited. This is commonly known as the "use-it-or-lose-it" rule.

Q) Who should I contact if I have questions?

A) Please contact HealthEquity at 877-924-3967.