DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT (FSA)

How it Works

A Dependent Care FSA is used to reimburse yourself, with tax-free funds, for eligible dependent care expenses incurred to allow you to work. Your contribution is withheld from your paycheck before tax, which in turn reduces your overall tax burden. You may allocate up to $5000 pre-tax per calendar year for reimbursement of dependent care services or $2,500 if you are married and file a separate tax return.

Incur Your Expense Before Submitting a Reimbursement Request

The federal Treasury regulations require than an expense may not be reimbursed under a Dependent Care FSA until the service has already been fully provided. You may submit a claim each time you incur an expense or you may wait and submit several claims at the same time for reimbursement throughout the year.

FSA vs. Childcare Tax Credit

The alternative to using a Dependent Care FSA is to take a dependent care tax credit when you file your federal income taxes. Your preferred method depends on your income, number of eligible dependents, and other factors; however, Dependent Care FSAs usually provide the greater tax advantage for most people. Check with a tax advisor to help decide which is best for you.

GETTING REIMBURSED

All you need is a *FSA Dependent Care Provider Form* and a *FSA Claim Form* which may be obtained from Human Resources.

Claims for reimbursement are sent to Nicole Stocks, Accounting III, 711 W. Navajo Street, W.L., IN 47906.

EXAMPLES OF ELIGIBLE EXPENSES:

- After-school care or extended day programs
- Babysitter inside or outside participant's household
- Custodial or elder care expenses
- Dependent care center expenses/pre-kindergarten/nursery school expense if primary purpose is to care for the child so the parent can work
- Nanny expenses