

## take care® Dependent Care Flexible Spending Account

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With dependent care costs on the rise, a take care® Dependent Care Flexible Savings Account (FSA) is a great way to save money every year.

With a Dependent Care FSA, you can use tax-free funds to pay for dependent care services. You save money while you're working to care for those you love most.

**It's easy to sign up and easy to use. Here's what you need to know.**

## HOW DOES IT WORK?

A Dependent Care FSA is a great way to pay for dependent care services, reduce your taxable income, and save money at the same time. You simply decide how much to contribute to your Dependent Care FSA for the year, and contributions are made each pay period. You can easily access funds in your FSA to pay for eligible dependent care expenses.



Your Dependent Care FSA delivers real tax savings. Funds are moved from your paycheck to your FSA before taxes are deducted, which reduces your overall tax burden.

### Tax Benefit of a Dependent Care FSA

#### Without FSA

<b>\$60,000</b>	your gross annual pay (estimate)
<b>- \$18,000</b>	your estimated tax rate (30%)
<b>=\$42,000</b>	your net annual pay
<b>- \$5,000</b>	your annual dependent care expenses
<b>=\$37,000</b>	your final net annual pay

#### With FSA

<b>\$60,000</b>	your gross annual pay (estimate)
<b>- \$5,000</b>	your annual dependent care expenses
<b>=\$55,000</b>	your adjusted gross pay
<b>- \$16,500</b>	your estimated tax rate (30%)
<b>=\$38,500</b>	your final net annual pay

**You take home \$1,500 more with a Dependent Care FSA**

To find out how much you can save based on your current income and expenses, go to [www.wageworks.com/takecare/mydcfsa](http://www.wageworks.com/takecare/mydcfsa)



The IRS determines the maximum amount you may contribute to a Dependent Care FSA each year. You may contribute as little as you'd like up to the maximum allowable limit. The IRS also determines who qualifies as a dependent. You may use funds from your Dependent Care FSA to pay for care for individuals who meet one of the following criteria:

1. A child under the age of 13 who lives with you for more than half of the year; or
2. A spouse or other tax dependent who resides in your home a minimum of eight hours a day and requires assistance with day-to-day living.

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### 2013 Contribution Amounts

- \$5,000 per year if you are married and file a joint tax return or if you file as head of household
  - \$2,500 per year if you are married and file a separate tax return
  - Note: 2014 contribution limits may be adjusted by the IRS.
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If you are divorced, IRS guidelines state that a child is a qualified dependent of the "custodial parent." Only the custodial parent may participate in a Dependent Care FSA. A divorced, non-custodial parent cannot be reimbursed under a Dependent Care FSA even if the divorced parent claims the child as a tax dependent.

Carefully estimate how much you want to contribute to your Dependent Care FSA. IRS guidelines state that Dependent Care FSA funds cannot be carried over year to year. Unused funds cannot be returned to you as cash or as other benefits.

The amount you contribute to your Dependent Care FSA cannot be changed during the year unless you experience a change in status. As determined by the IRS, a change in status is an event that causes your dependent to meet or no longer meet eligibility requirements. Eligible changes in status include:

- Change in legal marital status
- Change in number of dependents due to birth, adoption, or death
- Change in employment status
- Change in cost or coverage charges

*"We contributed \$5,000, the maximum amount allowed, to our Dependent Care FSA to help pay for hefty daycare expenses for our young children. It was easy to access funds to pay our provider. Best of all, we took home \$1,500 more after taxes."*



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## WHAT EXPENSES ARE COVERED & HOW DO I PAY FOR THEM?

You may use your Dependent Care FSA to pay for eligible dependent care expenses. The IRS determines which dependent care expenses are eligible and ineligible.

### Eligible expenses include:

- Before/after school care
- Au pair services
- Extended day programs
- Preschool/nursery school
- Summer day camp
- Elder daycare

### Ineligible expenses include:

- Overnight camps
- Kindergarten or higher-grade tuition
- Non-work-related daycare
- Long-term elder care services

Dependent care expenses must be incurred while you or your spouse are working, looking for work, or attending school full time.

### Accessing Your Funds

It's easy to access and use the funds in your Dependent Care FSA. There are three easy payment and reimbursement options:

1. **MyFlex<sub>sm</sub> mobile application.** Take a photo of receipts and instantly submit them for payment, and check your FSA balance – right from your smartphone.
2. **Reimburse yourself.** Arrange for FSA funds to be transferred to your checking account or a check to be mailed to reimburse you for expenses you've already paid.

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It's important to keep receipts and other supporting documentation related to your Dependent Care FSA expenses and reimbursement requests. The IRS requires appropriate documentation for all FSA reimbursements. Reimbursement requests must include an itemized statement from the dependent care provider that includes: service dates, dependent's name, type of service amount billed, and provider's name and address. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

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## READY TO SAVE? SIGN UP NOW!

**Sign up for a Dependent Care FSA during open enrollment.**

### Questions?

- Contact the person or organization managing your FSA benefits program
- Visit [www.takecarewageworks.com](http://www.takecarewageworks.com) for online resources
- Call us directly at 1-800-950-0105

