



Dependent Care Account

The **Dependent Care Account** allows you to set aside tax-free dollars for eligible day care expenses for your dependents. A Dependent Care Account is a great way to defer child care costs. Someone in a 15% tax bracket with the maximum \$5,000 election would save \$1,132 in one year using BASIC Flex.

Dependent Eligibility:

- You and/or your spouse must be employed or actively seeking employment or attending school full time.
- Dependent care expenses paid during a sick leave, holiday or vacation are not eligible.
- Child must be a dependent under 13 years of age and be in your custodial care more than 50% of the calendar year. If your child turns 13 during the plan year, expenses are no longer eligible for reimbursement.
- A spouse or dependent who is incapable of self-care and regularly spends at least eight hours per day in your home (i.e. an invalid parent).

Service Requirements:

- Provider cannot be a minor child or dependent for income tax purposes (i.e. an older child).
- Service provider must claim payments are income and comply with state regulations.
- Services must be for the physical care of the child, not for education, meals, etc.
- Overnight camps are not eligible.
- Expenses paid for Pre-K are eligible but kindergarten is not.

How the Account Works

You may pay for your expense out of pocket and submit a claim for reimbursement. BASIC will reimburse you via check or direct deposit (if you have signed up for direct deposit).

Plan Limits:

- Dependent Care Account:** Minimum is \$260 (\$10 per pay check per 26 pay periods). Maximum is \$5,000 (married filing jointly or single) or \$2,500 (married filing separately) each year.

The US Treasury Department has modified its Flexible Spending Account (FSA)

"use-it-or-lose-it" provision to allow carryover of FSA funds. This provision does not apply to Dependent Care Account funds.

LEARN MORE

You can find more information at:

<http://eweb.cabq.gov/>
www.basiconline.com

The full amount of your Medical Reimbursement Account election is available on the first day of your plan year.

You should check with a tax advisor to see what your savings might be if you participate in the Flexible Spending Account program.

Note that you are unable use certain tax credits if you use the FSA accounts.

Tax Savings Calculator

To use our calculator to estimate your tax savings when you choose to participate in the FSA visit:

www.basiconline.com/fsasavingscalculator

Examples of **ineligible dependent care expenses** include transportation expenses, convalescent or nursing home expenses and overnight camp expenses.

You must enroll each year if you want to continue participating in the Flexible Spending Account program.

***Employees or employees spouses who are contributing or receiving contributions into an HSA, are not permitted to participate in the Medical Reimbursement Account. Employees may still sign up for the Dependent Care Account.**