

DEPENDENT CARE

FSA



DEPENDENT CARE FSA

A type of Flexible Spending Account that allows you set aside funds that can be used to pay for expenses associated with the care of a dependent child or disabled adult while you are working or are searching for work.

HOW MUCH CAN YOU CONTRIBUTE?

The annual contribution limit varies based on your federal income tax filing status:

- ▶ \$7,500 for a married couple filing jointly
- ▶ \$7,500 for a single parent
- ▶ \$3,750 for a married person filing separately from their spouse

WHO CAN USE THE FUNDS?

Funds can be used to pay for expenses for your child, or a disabled parent or spouse. This includes:

- ▶ Your children under the age of 13 for whom you are entitled to a personal exemption on your federal income tax return
- ▶ Your spouse or other dependent, including parents, who are physically or mentally incapable of self-care

WHEN ARE FSA FUNDS AVAILABLE?

Dependent Care FSA funds elected for the year are available after they are deducted from your paycheck. For example, if you elect \$2,400 for the year, you will see \$200 deducted from your paycheck each month. Once that \$200 monthly deduction has been taken from your pay, you will have access to those funds. You will contribute towards that \$2,400 over the course of the year, so the full \$2,400 election is available following your last payroll deduction of the year.

WHAT CAN THE FUNDS BE USED FOR?

Dependent Care FSA funds can be used for dependent care expenses while you, and your spouse if you are married, are at work, searching for work, or attending school. Eligible Dependent Care providers include:

- ▶ Child or adult day care centers
- ▶ After-school care
- ▶ Summer day camp
- ▶ Care for dependents with mental or physical disabilities
- ▶ Preschool (up to, but not including kindergarten)

See [IRS Publication 503](#) for more information about eligible dependent care expenses.

WHAT TYPES OF EXPENSES ARE NOT ELIGIBLE FOR REIMBURSEMENT FROM YOUR DEPENDENT CARE FSA?

- ▶ Boarding school
- ▶ Summer sleepover camps
- ▶ Nursing homes
- ▶ Extracurricular classes (e.g., swimming, dance, or other activities)
- ▶ Charges for transportation to and from day care

HOW DO YOU ACCESS YOUR FSA FUNDS?

For the Dependent Care FSA through Baker Tilly Vantage you will need to pay for the dependent care service out of your personal account, then submit the itemized receipt for reimbursement. You will be reimbursed up to the amount of the eligible dependent care expense, or the amount of available funds in your Dependent Care FSA, whichever is less.



DEPENDENT CARE FSA – USE IT OR LOSE IT?

Typically, Dependent Care FSA funds can only be used during the year for which they were elected. Bates' plan, however, has both a run-out period and grace period which extends the time that you have to incur and submit claims. Funds incurred beyond the grace period and submitted beyond the run-out period are forfeited.

RUN-OUT PERIOD

After the 2026 plan year ends, Bates' Dependent Care FSA plan allows you until March 31, 2027 to submit your 2026 dependent care expenses for reimbursement.

GRACE PERIOD

Bates' plan also has a grace period. The grace period extends the plan year by 2½ months. This means that for the plan year ending on December 31, 2026 you until March 15, 2027 to incur expenses for reimbursement.

Unlike Health Care or Limited Purpose FSAs, a Dependent Care FSA does not have a provision that allows you to carryover unused funds from one plan year to the next. Plan carefully!

PLAN CAREFULLY!

A Dependent Care FSA is a fiscally responsible way to save tax dollars by setting aside tax-free funds to pay for eligible dependent care expenses. But be aware of Bates' grace period and run-out period and make sure you don't overestimate your expenses. Remember, FSA funds that are not used by the plan's deadlines are forfeited.