

DEPENDENT CARE FSAs – FLEXIBILITY IN AN UNCERTAIN TIME

MARCH 25, 2020

In light of the school and child care closures surrounding the COVID-19 pandemic, it is important to understand what benefits are available through your employer to help ease the unexpected stress associated with child care.

With a Dependent Care Flexible Spending Arrangement (dependent care FSA), you are able to use pre-tax dollars to pay qualified out-of-pocket expenses for child care that enable you (and your spouse if applicable), to work, look for work or attend school. The money contributed to a dependent care FSA is not subject to payroll taxes, so you generally end up paying less in taxes and taking home more of your paycheck.

DEPENDENT CARE FSA ELIGIBLE EXPENSES

- Care for a child or children who are under the age of 13, including:
 - Before and after school care
 - Babysitting and nanny expenses that allow a parent to work, attend school or actively seek work
 - Sick child care
 - Daycare, nursery school and preschool
 - Summer day camp
- Care for a spouse or a relative who is physically or mentally incapable of self-care and lives in your home

If you did not think this program would help you during open enrollment, but have been affected by school and child care closures, you are likely eligible to enroll at this time. For more information about enrolling for the first time, contact your company's human resources department.

If you are already participating but have experienced a school or child care closure, you are also eligible to adjust elections, either up or down, or cancel your elections altogether. Requests for changes in elections must be made on a timely basis, usually within 30-31 days of the event date.

INITIAL ENROLLMENT REASONS

Reasons you may enroll in a dependent care FSA for the first time

1. You did not think you needed to make a dependent care FSA election, because children were in public school. Schools are now closed and you now need dependent care to fill the gap that public school previously provided.
2. You previously received care at no charge, such as through a family member, but now need to pay another child care provider.
3. Your spouse was a stay-at-home parent, but is now actively seeking employment or beginning a new job.
4. You or your spouse have experienced an increase in work schedule, or a change in work location, which results in a new need for child care.

INCREASING CONTRIBUTIONS

Reasons you may increase a previously elected amount

1. You only had to pay for after-school programs since the child, or children, were in public school. Schools are now closed and you now need dependent care to fill the gap that school and after-school programs previously provided.
2. The number of children for whom care is needed has increased, or the number of hours that child care is needed has increased.
3. Due to closures you are now using another child care provider who charges a higher rate.
4. You or your spouse experience an increase in work schedule, or a change in work location, which increases the number of child care hours needed.
5. You or your spouse experience an increase in work schedule, or a change in work location, which necessitates a more expensive child care option.

DECREASING CONTRIBUTIONS

Reasons you may decrease your dependent care FSA election

1. You are now using another child care provider who charges a lower rate, even for a temporary time period.
2. The number of children for whom care is needed has decreased, or the number of hours that child care is needed has decreased.
3. You or your spouse experience a decrease in work schedule, or a change in work location, which decreases the number of child care hours needed.
4. You or your spouse experience a decrease in work schedule, or a change in work location, which necessitates a less expensive child care option.
5. You and your spouse were both actively working and your spouse lost his or her job. Your spouse will still look for work, but child care expenses are lessened.

CEASING CONTRIBUTIONS

Reasons you may cease your dependent care FSA election

1. You are now receiving free care, such as through a family member.
2. Changes to your schedule or work location, or your spouse's schedule or work location, which no longer require an outside child care provider.
3. The number of children for whom care is needed has decreased, or the number of hours that child care is needed (because schools are closed) has decreased.
4. You and your spouse were both actively working and your spouse lost his or her job. Your spouse will become a stay-at-home parent.

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