Dependent Care Flexible Spending Account (DCFSA)

Agenda

1 How does it work?
2 Eligible Dependents
3 Eligible Expenses
4 Qualifying Events
5 Payment Options
6 Support Center
7 Questions

How does it work?

A Dependent Care Flexible Spending Account (DCFSA) is a pre-tax benefit account used to pay for dependent care services, such as preschool, before and after school programs, and child or eldercare daycare.

- A Dependent Care FSA is a smart, simple way to save money while taking care of your loved ones so you can work.
- Average 30% savings! Reduce your overall tax burden – funds are withdrawn from you paycheck for deposit into your Dependent Care FSA before taxes are deducted.
- As soon as your account is funded, you can use your balance to pay for eligible dependent care expenses.

WageWorks everyone benefits

Eligible Dependents

You can use your WageWorks account to pay for the eligible dependent expenses of a qualifying child or relative, as defined in Internal Revenue Code Section 152.

Generally speaking, a qualifying child or relative is:

- Your child under the age of 13
- Your spouse, adult relative or adult child who is physically or mentally incapable of self-care

WageWorks everyone benefits

Definition of “Qualifying Child or Relative”

The term “qualifying child or relative” can be tricky. According to the IRS, a qualifying child or relative can be any of these people.

- Your child, grandchild, stepchild, foster child, or adopted child
- Your spouse*
- Your brother, half-brother, or stepbrother; sister, half-sister, or stepsister; nephew or niece
- Your child or grandchild of any of the relatives listed above
- Your father, grandfather, stepfather, mother, grandmother, or stepmother
- Your uncle or aunt
- Your son-, daughter-, father-, mother-, brother-, or sister-in-law. Or, any other person who will reside with you for the entire year while not in violation of local law).

** At this time, a domestic partner is not considered a spouse under federal law, so a domestic partner's medical expenses cannot be reimbursed under your WageWorks account unless the domestic partner is a “qualifying relative” of the participant. A qualifying spouse must be legally married.*

Definition of “Qualifying Child or Relative”

Additionally, if you provide more than 50% of this person’s support for the calendar year, and they are not a qualifying child or relative of any other person, s/he is considered your eligible dependent.

- Reside with you for more than half the year*
- Regularly spend at least eight hours a day in your home
- Not file a joint tax return with his/her spouse for the calendar year (unless the qualifying relative is your spouse)
- Not be claimed by any other person as a qualifying child for the calendar year**
- Be a citizen, national or resident of the US; or a resident of Canada or Mexico (unless the person is an adopted child)
- Be considered a qualifying child or relative on a daily basis

** Disregard temporary absences due to illness, education, business, vacation, or military service. You must maintain a home for the person during the temporary absence and the person must be expected to return after the absence.*
*** If you are not the child’s parent, your adjusted gross income is higher than the adjusted gross income of either of the child’s parents.*

Special Rules for Divorced or Separated Parents

If you and your spouse or ex-spouse are bot eligible to contribute to a Dependent Care FSA through your respective employers, you and your spouse may not each claim $5,000. you may not “double-dip”, which means that expenses reimbursed under your Dependent Care FSA may not be reimbursed under your spouse’s Dependent Care FSA and vice versa.

Check with your legal or tax advisor to see if special rules apply to you that would enable your child to be claimed by the non-custodial parent or by both parents.

If two or more people want to claim the same child as their qualifying child, the person who has the right to is:

- The child’s parent, if one person is the child’s parent and the other is not
- The parent with whom the child lives with longest in the year, if both people are the child’s parents
- The parent with the higher adjusted gross income, if both people are the child’s parents and the child lives equally with both during the year
- The person with the higher adjusted gross income, if both people are not the child’s parents

WageWorks everyone benefits

Conditions of Care

To be eligible for reimbursement under your Dependent Care FSA, the dependent care services must meet all these conditions:

- The care is provided to enable you to work or look for work. If you are married, the care is provided while your spouse also works, looks for work or goes to school full-time (at least five months a year) or while your spouse is incapable of self-care.
- The care is provided when the dependent meets the definition of a “qualifying person” (per the IRS, based on a tax year).
- The care may be provided by a relative or non-relative but cannot be provided by your child under the age of 19 at the end of the year (tax dependent or not), the child’s parent, or another tax dependent.
- Your care provider conforms to state and local laws (including being licensed, if required) and is able to provide you with his/her Social Security or Tax ID number. You will need this information when filing Form 2441 with your federal income taxes.

WageWorks everyone benefits

Eligible Expenses

- Before and after school program
- Au Pair
- Babysitting (work-related, in your home or someone else’s home)
- Babysitting by your relative who is not a tax dependent (work-related)
- Child care
- Extended care (supervised program before or after regular school hours)
- Housekeeper who cares for child (only portion of payment attributable to work-related child care)
- Nanny
- Nursery school
- Preschool
- Registration fees (required for eligible care, after actual services are received)
- Sick child care
- Summer day camp
- Transportation to and from eligible care (provided by your care provider)

WageWorks everyone benefits

Eligible Expenses (Elder Care)

- Adult daycare center
- Custodial elder care (work-related)
- Day nursing care, if primarily for dependent care
- Dependent care (while you work, to enable you to work or look for work)
- Elder care (in your home or someone else's)
- Elder care (while you work, to enable you to work or look for work)
- Senior daycare

Changing Your Election Amounts Midyear

As a rule, you can't change your Dependent Care FSA election amount during your plan year. You should plan on an election amount to your DCFSA that suits your needs for the entire plan year.

But there are circumstances—called changes in status or qualifying events—when you can make changes. The IRS determines what counts as a change in status or qualifying events. They typically include:

- A change in marital status, such as marriage, divorce, or death of your spouse
- A change in the number of your dependents, such as birth or adoption of a child, or death of a dependent
- A change in employment status for you, your spouse, or dependent that affects eligibility
- An event that causes your dependent to satisfy or cease to satisfy an eligibility requirement
- A change in residence for you, your spouse, or dependent
- A change in cost or coverage

WageWorks everyone benefits

Special Qualifying Event Circumstances

There are additional special circumstances that allow you to change your DCFSA election amount.

The most common of these is when a child or relative stops being a "qualifying child or relative", as defined by the IRS. This occurs when:

- A qualifying child turns 13 and "ages out" of eligibility
- A qualifying relative regains his/her ability for self-care

Let's look at an example.

KEHP's plan year runs from January 1 through December 31st, and you will be covered the entire plan year.

Your daughter is a qualifying child until her thirteenth birthday on October 1st. She is not considered a qualifying child or relative after October 1st because she will have "aged out".

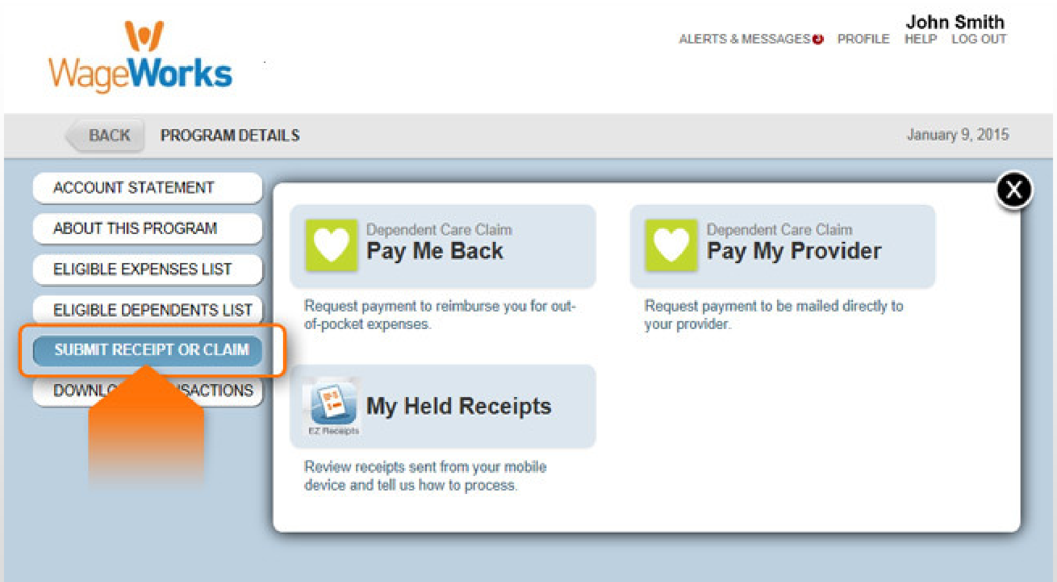
The dependent care services provided for your daughter between January 1st and September 30th are eligible to be paid from your account. The dependent care services provided for your daughter on October 1st and later are not eligible because she is not a qualifying child or relative at the time the services are provided.

WageWorks everyone benefits

Payment Options

You have two convenient options to get reimbursed or to pay for eligible expenses from your WageWorks account: ***Pay Me Back*** and ***Pay My Provider***.

These payment options are fully automated. Log into your WageWorks account on either the web portal or the mobile app, select your preferred payment option, and follow the prompts.



The Pay Me Back Option

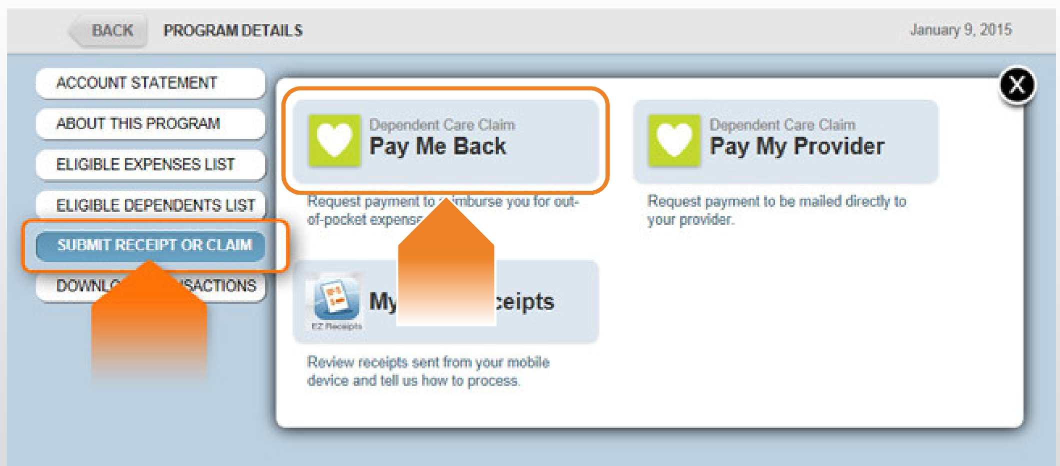
If you've already paid for an eligible expense out of your own pocket, you can arrange to pay yourself back from your WageWorks account in two ways:

1. Have a check mailed to you; or
2. Have your reimbursements deposited directly into your bank account

The quickest, easiest way to get reimbursed for eligible expenses you've paid out of pocket is to sign up for direct deposit.

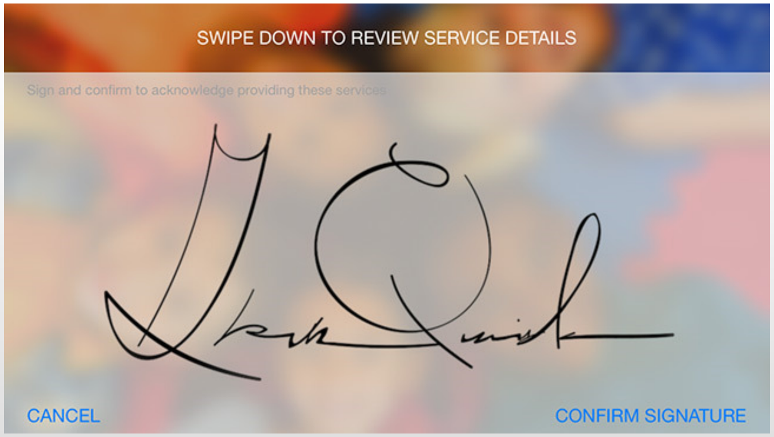
Pay Me Back Option via the Web Portal

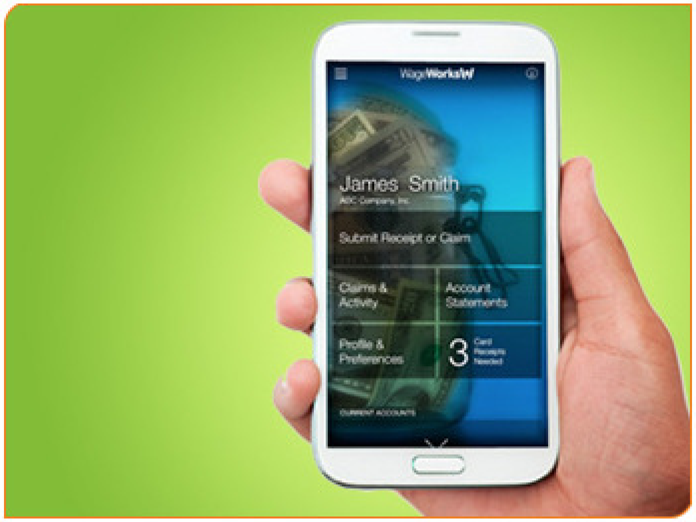
1. Log into your WageWorks account.
2. If this is your first time logging in to your WageWorks account, be sure to first register for your WageWorks account.
3. Once you have logged into your account. Click Submit Receipt or claim and select Pay Me Back.
4. Enter payment information and select Submit Claim.
5. Upload digital copies of your receipts.



Pay Me Back Option via the Mobile App

1. Log into your WageWorks account on the WageWorks EZ Receipts ® mobile app.
2. Click on Submit New Receipt and then Submit Claim.
3. Follow the prompts to take and send photos of your receipts and other documentation.





Pay Me Back via Fax or Mail

1. Download a Dependent Care Claim Form
2. Fill in all the information requested on the form and sign it.
3. Fax or mail the form, along with copies of your receipts, to:

Claims Administrator

P.O. Box 14053

Lexington, KY 40512

Fax: 877-353-9236

Most Pay Me Back claims are processed within one to two business days after they are received and verified. Payments are sent shortly thereafter.

The Pay My Provider Option

You can arrange to pay your dependent providers directly from your WageWorks account for your eligible expenses.

1. Log into your WageWorks account.
2. If this is your first time logging in to your WageWorks account, be sure to first register for your WageWorks account.
3. Click on Submit Receipt or Claim.
4. Select the Pay My Provider option.
5. Select the WageWorks account that should pay your provider.
6. Request One-Time or Recurring Monthly* payment
7. Enter the required payment information and select Submit Claim.
8. Upload digital copies of your invoice or receipts.
9. WageWorks sends payment(s) directly from your account to your provider.

**If you set up Recurring Monthly payments, payments will process as soon as we receive funding from your employer in your DCFSA.*

Support Center

www.WageWorks.com

- Enhanced self-service with searchable FAQs
- Most Viewed Questions
- FAQs by Topic

Questions?

Thank you.