

What is a dependent care flexible spending account?

It's also known as a DCA and it's part of your benefits package. This account lets you use pre-tax dollars to pay for eligible dependent care expenses for your qualified dependents such as your child under the age of 13, a disabled spouse, or an older parent in eldercare.

Here's how a DCA works. Money is set aside from your paycheck before taxes are taken out. You can then use these funds to pay for eligible dependent DCA expenses throughout the plan year. You save money on expenses you're already paying for such as childcare, before and after school extended day programs, adult day care centers and much more.

Why is it a good idea to have a DCA?

DCAs benefit everyone – Families often need help with child and elder daycare while at work or looking for work. Setting aside pre-tax dollars means you pay fewer taxes and increase your take-home pay. You also save money on eligible expenses that you're paying for out of your pocket. How much you save depends on your tax bracket.

For Example, if you're in the 30 percent tax bracket, you can save \$30 on every \$100 spent on eligible dependent care expenses.

What expenses are covered under a DCA?

DCA expenses are defined by IRS rules and your employer's plan. You can learn about your plan by reading the Summary Plan Description (SPD).

For a full list, see IRS [Publication 503, Child and Dependent Care Expenses](#).

Typical eligible expenses include:

- Before school and after school care
- Expenses for preschool/nursery school
- Extended day programs
- Au pair services (amounts paid for the actual care of the dependent)
- Babysitter (in or out of the home)
- Nanny services (amounts paid for the actual care of the dependent)
- Summer day camp for your qualifying child under the age of 13
- Elder day care expenses of a qualifying individual

The list of eligible expenses is based on IRS rules. Here are some other IRS rules you should know about:

- **Expenses** - To be eligible for reimbursement under your dependent care FSA, an expense must be incurred to enable you (and your spouse, if married) to work or look for work. For this purpose, "work" may include actively looking for work but does not include unpaid volunteer work or volunteer work for a nominal salary. Your spouse is

considered to have worked if he or she is a full-time student for at least five calendar months during the tax year or if he or she is physically or mentally incapable of self-care. Expenses you pay for dependent care while you are off work due to illness generally are not eligible for reimbursement. However, short, temporary absences from work may be disregarded if you are required to pay for dependent care expenses during the absence. Whether an absence is short and temporary depends on the facts and circumstances of the situation; however, IRS Regulations stipulate that an absence of up to two consecutive weeks due to illness or vacation is a short-term or temporary absence.

- **Contributions** – Unlike traditional FSAs, which give you the entire annual contribution amount on the first day of coverage, DCA funds are only available as contributions are made to the account.
- **Timing is everything** – DCAs have a start date and an end date, and the time in between is called the plan year. Expenses must be incurred during the DCA plan year. This means the date of service must be within the current plan year and not when you pay for the service.

What expenses are not covered under a DCA?

Expenses that are not approved are called “ineligible expenses”. Ineligible DCA expenses include:

- Dance lessons
- Tuition for school
- Housekeeping
- Forfeited deposits for pre-school or daycare
- Overnight Camp

Is there a limit to how much I can contribute to DCA?

Yes. The annual limit is currently \$5,000, (\$2,500 if you are married and file separate returns), and you cannot contribute more than this amount. However, your plan may have an annual limit that is less. Please review your SPD to find out the annual limit for your plan.

How much money is available during the plan year?

Funds are available as deposited into your account. You can find your available funds by logging in to your account at anthem.com or Sydney Health app.

How do I keep track of my account activity?

Your account information is available anytime day or night by logging in to anthem.com or Sydney Health app You can find:

- Real-time account balance
- Claim status
- Reimbursement payment history

Where can I get a claim form or submit for reimbursement?

This form is available at anthem.com or Sydney Health app

- Log in at www.anthem.com
- Go to My Plan
- Then Spending Accounts
- Manage My Account
- Submit a Claim

What do I need to submit along with a reimbursement form?

There is **no auto-substantiation**, you always need to provide proof of the service. You must have paid for and completed the service to be reimbursed.

Documentation requirements:

- Tax ID (or SSN) of provider
- Provider Name
- Name of Dependent
- Date(s) of Service
- Description of services

What happens if I have funds left in my DCA at the end of the plan year?

It depends on the rules for your employer's DCA plan. Your employer decides the features included in your DCA plan, and the way your DCA plan is set up determines if you can use funds left in your account after the plan year ends. The SPD indicates the DCA rule set for your plan. Check the SPD for details for your current offering which is currently Run Out.

What is a run-out period?

It's a set number of days after the plan year ends that allows you to submit claims for eligible expenses incurred during the plan year. Your plan's time frame for the run-out period is 90 days.

What is the "use-it-or-lose-it" rule?

The IRS created this rule, which states that all money left in your DCA is forfeited after the plan year ends, or if applicable, after the run-out period.

The unused portion of your DCA cannot be paid to you in cash or other benefits, and you can't transfer money between DCAs. To reduce your risk of losing money at the end of the plan year, carefully estimate your expenses when choosing your annual election amount.

Can I change my election amount?

Your election can't be changed during the plan year unless you have a change in status or other qualified event (defined by IRS rules). Your employer's plan must also allow the change. A qualified change in status event includes:

- A change in legal marital status (marriage, divorce, or death of your spouse)
- A change in the number of your dependents (birth or adoption of child, or death of a dependent)
- A change in employment status of you, your spouse, or dependent

- An event causing your dependent to satisfy or cease to satisfy an eligibility requirement for benefits
- A change in residence of you, your spouse, or dependent

Two things need to happen for an election change to be allowed. First, you must have a change in status or other qualified event. Second, your requested change must be consistent with the event. For example, if you have a baby, you could increase or decrease your DCA contribution. Please see your SPD for more about other qualified changes, consistency requirements, and exception that may apply.

Please note: All of this assumes that your employer's plan allows all changes permitted under the IRS rules. An employer may restrict mid-year election changes by the way the plan is set up. Please see your SPD for specific rules that apply to your plan. IF you have a change in status or other qualified event, contact your human resources or benefits representative for the forms you'll need to fill out.

What happens if I stop working for this employer?

If you stop working for your employer or you lose your DCA eligibility. Your plan participation and your pre-tax contributions will end automatically. Expenses for services you have after your termination date are not eligible for reimbursement.

Who do I contact if I have questions about my DCA?

If you have questions, send us an email through the Message Center at anthem.com or call us at the Member Services number on your ID card.