

OPEN ENROLLMENT TIPS!

UNDERSTANDING THE DIFFERENCE BETWEEN **DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS** AND **ELIGIBLE DEPENDENTS FOR HEALTH CARE FSA**

As we enter the open enrollment season, it is VERY important to know the difference between the “**Dependent Care Flexible Spending Account**” and eligible “**dependents**” under the healthcare FSA. Do you know how these differ?

An eligible dependent is a family member (generally a spouse or a child that is listed as a dependent on your tax return) whose eligible expenses may be reimbursed under your Health Care FSA. You may submit out of pocket medical expenses (claims) that are eligible for reimbursement under a Health Care FSA for any of your eligible dependents. Examples of eligible expenses include (but are not limited to) such items as co-payments, dental expenses, orthodontia fees, and prescription drugs.

A Dependent Care FSA is a separate account that you establish through your employer. If you fall under the IRS definition of **WORKING parents**, you may establish this account to reduce your salary (thus reducing taxable wages) to fund a Dependent Care FSA. The Dependent Care FSA is used for reimbursement of your expenses related to the care of your dependent child(ren) under the age of 13. The care provided (such as baby sitters and day care) allows the parents to work. Similarly this account is available for the working spouses to provide necessary care for elders who are claimed as “dependents” on the wage earner’s federal income tax return. The maximum amount participants may contribute to a Dependent Care FSA is \$5,000 per year (\$2,500 if married and filing a separate tax return). The proceeds from this account may only be reimbursed as you set aside the reduction (i.e. you may collect no more than you have contributed to the account at any time). Eligible Expenses would include: Au Pair Expenses, Day Care expenses, **Babysitter** Expenses, Before and After School Expenses, and Pre-School Tuition.