

Dependent Care (FSA)

What is a Dependent Care FSA?

Child and adult dependent (day)care is a significant expense for many American families. Contributing to a dependent care flexible spending account (DCFSA) allows you to pay for eligible dependent care expenses with pre-tax income. Doing so can reduce your taxable income for the year. Typically, account holders authorize their employer to withhold a specified amount from their paycheck each pay period for deposit into a DCFSA. *Please note that this account does not cover medical, dental, or vision expenses like a health or limited purpose FSA.

Who is Considered a Dependent

- Tax dependent under the age of 13 and lives with you for more than half the year.
- Spouse who is unable to care physically or mentally for themselves and lives with you for more than half the year.
- Any other tax dependent such as an elderly parent who is unable to physically or mentally care for themselves, lives with you for more than half the year and has a gross income of less than the maximum specified by the IRS.

IRS Qualified Dependent Care Expenses Include:

- Babysitting (work-related)
- Before- or after-school programs, including summer day-camps for dependents under age 13
- Licensed nursery schools, qualified childcare centers and pre-school tuition
- Adult care (while you work, to enable you to work, or to look for work)
- Sick childcare (work-related)

This list is not meant to be all-inclusive. For a complete list of qualified dependent care expenses, see [IRS Publication 503](#).

How it Works

- Determine the annual election amount. Pre-tax contributions will be made in equal installments from your payroll. Make sure the services you use are eligible DCFSA expenses.
- Pay for eligible dependent care services with your Pinnacle | Health & Benefits “smart” debit card (or use a separate pay source and submit your qualified DCFSA receipt for reimbursement).
- Store and submit receipts and check claim status in the Pinnacle | Health & Benefits online portal or mobile app.
- FSA account holders may be prompted to provide a copy of the receipt for certain transactions in accordance with IRS regulations.
- Recurring DCFSA expenses may be filed on the Recurring Dependent Care Request Form located in the Health & Benefits portal under Tools & Support > Documents & Forms.

The IRS sets the annual contribution limits for DCFSAs. You can contribute up to the maximums listed below:

What are the 2023/2024 DCFSA contribution limits?*

DCFSA	2023	2024
Maximum Annual Contribution Limit; married and filing jointly or single parent	\$5,000**	\$5,000**
Maximum Annual Contribution Limit; married and filing separate	\$2,500**	\$2,500**

* Source: IRS.gov

Note:

- DCFSAs are use-it-or-lose-it accounts. The funds you contribute don’t roll over from year to year.
- DCFSA funds are not available in advance. Reimbursements may not exceed the funds available in the account.

** Your maximum annual contribution to a DCFSA may be subject to limitations based on factors such as your or your spouse’s earned income or your employer’s plan limit. Please consult your tax advisor for details.



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