

# Dependent/Elder Care

## Dependent/Elder Care Account (DCA)

The DCA pays for day care expenses for a dependent child, adult or elder, so that you may work. Eligible services include: nursery school, nanny and or before/after school care through age 12, day care for a disabled adult or child, elder day care for parent or dependent, day camp through age 12.

## Learn More

For more information about FSAs, including videos and savings estimators, please visit [MedMutual.com/myspendingaccounts](http://MedMutual.com/myspendingaccounts), or call (800) 525-9252.

# Dependent Care Flexible Spending Account

Maximize Your Tax Savings

## Medical Mutual

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## What is a Dependent Care Flexible Spending Account?

**A dependent care flexible spending account (FSA) is an employer-sponsored benefit that allows you to pay for eligible care expenses on a pre-tax basis.**

### How Does it Benefit Me?

A dependent care FSA saves you money. The contributions you make to an FSA are deducted from your pay before your federal, FICA and state taxes are calculated and are never reported to the IRS. The end result is that you decrease your taxable income and increase your spendable income. You can save hundreds of dollars.

### Potential tax savings using a dependent care FSA.

Tax Status	FSA Contribution	Annual Savings <sup>1</sup>
Married (Separately)	\$2,500	\$691
Married (Jointly)	\$5,000	\$1,383
Single	\$5,000	\$1,383

<sup>1</sup> For illustrative purposes only. Based on a 7.65% FICA. Your tax situation may be different. Consult a tax advisor.

### How Does it Work?

You authorize your employer to deduct a pre-tax amount for eligible care expenses from each paycheck, up to the IRS limits stated below. You pay for the qualified care out of pocket and then file a claim for reimbursement.

### Qualifying Dependents

The following persons are considered qualified dependents:

- Your child (under the age of 13), who shares the same residence with you.
- Your spouse or qualifying child or relative who is physically or mentally unable to care for him/herself who shares the same residence with you and has income less than the federal exemption amount.

### Annual Contribution Limits

The IRS limits annual contributions to \$5,000 on income tax returns for single or married filing jointly, and \$2,500 for married filing separately.<sup>2</sup>

<sup>2</sup> Based on 2017 IRS contribution limits. Please check with your employer for your annual contribution limit.

### Eligible Expenses

Dependent care FSA funds cover care costs for your eligible dependents so you can work in the following situations:

- Before-school or after-school care (other than tuition)
- Custodial care for dependent adults
- Licensed day care centers
- Nursery schools or pre-schools
- Placement fees for a provider, such as an au pair
- Day camp, nursery school or a private sitter
- Late pick-up fees
- Summer or holiday day camps

### Ineligible Expenses

These items are never eligible for tax-free purchase with dependent care DCA funds:

- Expenses for a non-qualified child 13 years and older
- Care provided by a relative living in your household
- Educational expenses including kindergarten or private school tuition fees
- Amounts paid for food, clothing, sports lessons, field trips and entertainment
- Care for a dependent while you are home from work due to an illness