



Tax Savings

A Dependent Care Flexible Spending Account (DCFSA) is a pretax benefit that allows reimbursement for qualified dependent care expenses. Qualified expenses include care for a dependent child under the age of 14* and/or care for your spouse or adult dependent who is physically or mentally unable to care for themselves.

How It Works

Plan participants specify a certain dollar amount to contribute from their paychecks per pay period to their DCFSA. Unlike a Medical FSA, DCFSAs are a pay-as-you-go account, meaning funds are not advanced by the employer. DCFSA election amounts can change or stop during the year if expenses change.

Below is a partial list of eligible and ineligible expenses. All expenses are listed in IRS Publications 503 at www.irs.gov.



Eligible Expenses

- Adult daycare
- After-school care/program²
- Au pair or nanny salary
- Babysitting in your home/ someone else's home¹
- Babysitting by your non-tax dependent relative¹
- Before-school care/ program²
- Care when one parent works days and other parent works nights¹
- Care while living in a foreign country¹
- Care while looking for work
- Care while on family, personal, or medical leave
- Care while you/spouse is working at self-employment¹
- Child daycare or day camp²
- Custodial elder care¹
- Day nursing care¹
- Employer-provided on-site daycare²
- Federal employment taxes (FICA, FUTA) of care provider
- Household services related to dependent care
- In-home care¹
- Nighttime care¹
- Nursery school fees or tuition
- Payroll taxes related to eligible dependent care
- Preschool fees or tuition
- Room and board for caregiver, au pair, or nanny
- Senior daycare¹
- Sick child care¹
- Specialized daycare
- Transportation to and from by the care provider

Ineligible Expenses

- Child care while performing volunteer work
- Educational, learning, or study skills services
- Field trips or sleep-away camp
- Household services (housekeeper, cook, etc.)
- Kindergarten/school tuition
- Meals, food, or snacks
- Medical care or expenses
- Nursing home care for dependent adult(s)
- Summer school

Consolidated Appropriations Act, 2021 and American Rescue Plan Act (ARPA)

Recent legislation allows companies more flexibility regarding enrollment eligibility and eligible expense customizations for benefit plans ending in 2020 and/or 2021. *Please check with your HR Department for plan details.

1: Care must be work-related. Restrictions may apply. See IRS Publication 503 for more details.

2: Primary purpose must be custodial care and not educational in nature. See IRS Publication 503 for more details.