

DEPENDENT CARE *by BASIC*

Tax Savings

A Dependent Care Flexible Spending Account (DCFSA) is a pre-tax benefit that allows reimbursement for qualified dependent care expenses. Qualified expenses include care for a dependent child under the age of 13 and 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. The money is pre-tax, saving participants between 15%-40% for rendered services and lowering their overall tax liability. Unlike a Medical FSA, DCFSAs are a pay-as-you-go account, meaning funds are not advanced by the employer. DCFSAs also differ from traditional FSAs since election amounts can change or stop during the year if expenses change, which significantly reduces the risk of use-it-or-lose-it.



Eligible Expenses

- Adult daycare
- After-school care/program²
- Au pair/nanny salary and fees
- Babysitting in your home/someone else's home¹
- Babysitting by your relative who is not a tax dependent¹
- 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 Dependent Day 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, nanny, etc.)
- Senior daycare¹
- Sick child care¹
- Specialized daycare
- Transportation to and from eligible dependent care (provided by the care provider)

Ineligible Expenses

Note: If you pay for anything other than eligible expenses with your Dependent Day Care FSA, the amount will be taxable, and you will be required to repay the amount or pay an additional 20 percent tax penalty. Below is a partial list of ineligible expenses. For the complete list of eligible and ineligible expenses, visit www.IRS.gov and see IRS Publications 503.

- 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

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.

Not all Flex plans are created equal

But don't take our word for it, read what our customers have to say:

"We have worked with BASIC since 2003 and our Account Manager has always been able to assist me with questions that employees had concerning; dependent care reduction, eligibility with claims, new enrollment and renewal, the list goes on. We definitely appreciate the great customer service we receive from BASIC's FSA and HRA staff."

– Charter Township of Plymouth



For more information about any of our services or to speak with a sales consultant call 800.444.1922 x 3 or visit basiconline.com.

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