
Flexible Spending Account Option 2: Dependent/Elder Day Care Spending Account

This Flexible Spending Account, also known as FSA, is designed to save you money on child day care/elder day care expenses. This FSA allows you to set aside money on a pre-tax basis that can be used to reimburse you for expenses made with post-tax dollars. The Company offers the Dependent/Elder Day Care Flexible Spending Account (FSA) as a tax-advantageous way for you to pay for childcare and/or elder care expenses. *(This is **not** a health care reimbursement account for dependents. Please refer to Health Care Flexible Spending Account, described on pages 1 & 2 for further information on the FSA for dependent Health Care expenses.)*

Participation in a Dependent/Elder Day Care Flexible Spending Account is completely voluntary. However, you must enroll to participate every year. When you enroll, your contribution is automatically deducted from your paycheck on a pre-tax basis and deposited directly into your account. Once you have enrolled in the Flexible Spending program, you can not change the level of your deduction for the entire year. There are certain qualifying events which would allow you to change your Flexible Spending Account deduction such as, a change in family status or a reduction in work hours.

When you incur a dependent care expense, you simply submit a completed request for reimbursement form and attach the necessary documents (receipt) that support your expense. You are then reimbursed with money from your account, and the reimbursement is tax-free as well.

Eligible Dependent/Elder Day Care Expenses

Here are some examples of expenses that are eligible for reimbursement through the Dependent/Elder Day Care Flexible Spending Account (FSA):

- < Cost of a licensed day care center;
- < Nursery school expenses;
- < Adult day care.

Note: A more comprehensive discussion of expenses considered eligible is contained in IRS Publication 503 entitled “Child and Dependent Care Credit”. Copies of the publication are available by calling the IRS at (800) 829-3676 or by accessing the IRS website at www.irs.gov. (Caution: Other information in Publication 503 may not be applicable since some of the laws governing reimbursement accounts like these are different from those governing medical tax deductions.)

Using a Dependent/Elder Day Care Flexible Spending Account can save you money. **However, under federal tax law, you forfeit any money left in your account at the end of the year. In other words, “Use it or lose it”.**

See the advantage a Dependent/Elder Day Care Flexible Spending Account offers:

	<u>Without the FSA</u>	<u>With the FSA</u>
Annual Salary	\$ 30,000	\$ 30,000
Amount deducted for the FSA	- 0	- 1,500
Taxable pay	\$ 30,000	\$ 28,500
Taxes *	- 8,400	- 7,980
Dependent care expenses, payments with after tax dollars	- 1,500	- 0
Net take-home pay	\$ 20,100	\$ 20,520

* Taxes estimated at 28% including Social Security taxes.

Dependent/Elder Day Care Flexible Spending Contribution Limit

Due to differences in payroll schedules, there are separate limits on annual Dependent/Elder Day Care Flexible Spending Account contributions for Wage and Salaried employees, as follows:

	<u>Wage P&M And Bricklayers</u>	<u>Salaried Office and Technical</u>
Pay periods	26	24
Per pay	\$ 5 to \$ 192 (1)*	\$ 5 to \$ 208(2)*
Annual	\$130 to \$4,992	\$120 to \$4,992

(1)* If married and filing separately, maximum reduced to \$96 per pay or \$2,496 per year.

(2)* If married and filing separately, maximum reduced to \$104 per pay or \$2,496 per year.

Contribution Amounts

You can contribute as little as \$5 or as much as allowed by your employee category per pay period to your Dependent/Elder Day Care Flexible Spending Account. Review the contribution limits specified above carefully before you enroll. **It is important that you carefully estimate your contribution because, under federal law, you forfeit any money left in your account at the end of the year. In other words, “Use it or lose it”.**

Reimbursements

Dependent/Elder Day Care Flexible Spending Account reimbursements are processed by Fiserv Health – Flex Department. **For information on filing for reimbursement or more detail on eligible expenses, contact Fiserv Health – Flex Department, toll free, at (877) 310-3539.**