

Dependent Care - Frequently Asked Questions

What is a Dependent Care Flexible Spending Account?

A dependent care flexible spending account (FSA) allows you to pay for employment-related dependent care services related to care of a qualifying individual on a pre-tax basis. For a list of eligible dependent care expenses, please click [here](http://www.conexis.org) www.conexis.org then click on "Resources" on left side of page and then flex tab to access the eligible dependent care expense list.

How much can I allocate to my dependent care FSA?

Your election may not exceed the maximum amount specified in Section 129 of the Internal Revenue Code. Currently, the maximum annual amount is \$5,000 per year (\$2,500 if you are married and file separate returns). Your maximum allocation may not exceed the earned income limitation. If you are single, the earned income limitation is your salary (excluding your contributions to the plan). If you are married, the earned income limitation is the lesser of your salary (excluding your contributions to the plan) or your spouse's salary.

What expenses are ineligible under a dependent care FSA?

- Amounts paid to your child under the age of 19
- Expenses attributable to a disabled spouse or tax dependent living outside your household
- Educational expenses for Kindergarten and above
- Food expenses
- Incidental expenses (e.g., extra charges for special events or activities)
- Overnight camp
- Registration fees or administrative fees that are attributed to materials or administrative type fees
- Transportation expenses

This list is not all inclusive. If you have questions regarding whether an expense is eligible or ineligible under a dependent care FSA, please call CONEXIS at 877-864-9549.

Who is a qualifying individual?

- A dependent under the age of 13 who resides with you and for whom you are entitled to a personal tax exemption as a dependent (as defined by Code Section 151(c)); however, if you are divorced, the child is a qualifying individual with respect to you if the child lives with you even if you have permitted the non-custodial parent to take the exemption.
- A spouse or other tax dependent that resides with you and is physically or mentally incapable of self-care.

What if I decide to change the amount I elected?

Your election is irrevocable for the plan year unless you have a change in status or other qualified event as defined in the IRS Regulations and your employer's plan permits such qualified changes. Qualified changes in status include:

- A change in marital status (such as marriage, divorce or death of your spouse)
- A change in the number of your dependents (such as birth or adoption of a child, or death of a dependent)
- A change in employment status of you, your spouse or dependent
- An event that causes your dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit
- A change in residence of you, your spouse or dependent

What is a health care flexible spending account?

A health care flexible spending account (FSA) allows you to pay for qualified out-of-pocket medical expenses on a pre-tax basis.

How much can I allocate to my health care FSA?

While there is no statutory minimum or maximum contribution for health care FSAs, your employer has established annual plan limits. Your annual limits are specified in your summary plan description.

What expenses are ineligible under a health care FSA?

- Cosmetic surgery and procedures
- Expenses for services rendered outside the coverage period
- Expenses reimbursed by an insurance provider or another health plan
- Herbs/Vitamins/Supplements/OTC medications used for general health
- Insurance Premiums
- Family or Marriage Counseling
- Personal Use Items (e.g., toothpaste, shaving cream, cosmetics). For a detailed list of ineligible personal use items, go to www.conexis.org/media/docs/CONEXISOTCListing.pdf.
- Dental Whitening

This list is not all inclusive. If you have questions regarding whether an expense is eligible or ineligible under a health care FSA, please call CONEXIS at 877-864-9549.

What is the “use-it-or-lose-it” rule?

The “use-it-or-lose-it” rule is a provision in the IRS Regulations. Under this provision, all money contributed to a FSA must be used to reimburse qualified expenses incurred during that plan year. Money not used to reimburse eligible expenses is forfeited. The unused portion of your health care FSA may not be paid to you in cash or other benefits, including transferring money between FSAs. To reduce the risk of forfeiture, it is critical for you to be conservative when choosing your annual election amount. Our online savings calculator can help you estimate your annual expenses (provide link to online savings calculator).

What if I decide to change the amount I elected?

Your election is irrevocable for the plan year unless you have a change in status or other qualified event as defined in the IRS Regulations and your employer’s plan permits such qualified changes. Qualified changes in status include:

- A change in marital status (such as marriage, divorce or death of your spouse)
- A change in the number of your dependents (such as birth or adoption of a child, or death of a dependent)
- A change in employment status of you, your spouse or dependent
- An event that causes your dependent to satisfy or cease to satisfy an eligibility requirement for a particular benefit
- A change in residence of you, your spouse or dependent

Your requested change must be on account of and consistent with the event. In general, the change in status must affect eligibility for the coverage. In other words, there are two parts to determining if a change in election should be permitted. First, you must experience a change in status or other qualified event. Second, your requested change must be consistent with the event. Please see your summary plan description for more information regarding other qualified changes and consistency requirements and exceptions that may apply.

The information above is provided under the assumption your employer’s plan allows all changes permitted under the IRS Regulations. An employer can restrict mid-year election changes through plan design. Please see your summary plan description for specific rules governing your plan.