Dependent Care Account - 2024

Plan Details

How does the Dependent Care Reimbursement Account Work?

Your employer will establish a Dependent Care Reimbursement Account on your behalf. The amount that you elect to contribute will be pro-rated and deducted from each paycheck for the upcoming plan year. These deductions will appear as a credit to your Dependent Care Reimbursement Account. As you incur eligible expenses you will submit a claim to Health Equity to draw funds from your account. Paying for dependent care on a pre-tax basis means your taxable income is lower and, consequently, your taxes are lower.

What are examples of eligible dependent care expenses that qualify for reimbursement from the Dependent Care Reimbursement Account?

Sample eligible dependent care expenses include daycare, day camp, nursery school, and preschool. Expenses incurred for education of Kindergarten or higher do not qualify.

What is an eligible dependent for the Dependent Care Reimbursement Account?

An eligible dependent is an individual whose care expenses may be reimbursed under the Dependent Care Reimbursement Account. The individual must spend at least eight hours per day in your home and can be any one of the following:

- A child under age 13 for whom you have custody most of the time even though your former spouse may claim the child for income tax purposes
- Any other dependent who is physically or mentally unable to care for himself or herself
- Your spouse, if physically or mentally incapable of self-care

What is a Qualifying Dependent Care Provider?

Qualifying Dependent Care Providers may include: daycare centers, an individual who provides care inside or outside your home (a child of yours under age 19 or another individual for whom you claim a personal exemption do not qualify as care providers), facilities for pre-school children.

What do I submit to get reimbursed for qualifying dependent care expenses?

To draw funds from your Dependent Care Reimbursement Account, you simply submit a claim online or using the app then send the necessary documentation, or submit the claim and documentation via mail, fax or email to Health Equity. Upon receipt and review, Health Equity will process your claim. When completing a Dependent Care Reimbursement Account Claim, you must include the following documentation: dates of service, name of qualifying dependent(s) for which services were provided, amount of the charge, the providers tax ID or social security number, name of the provider of the services.

How much reimbursement will I receive each time I submit a claim?

Health Equity will reimburse the claim up to the available balance in your Dependent Care Reimbursement Account for services that have been rendered at the time you submit the claim. If there are insufficient funds in your account to reimburse the entire claim, the remaining amount of the claim will be held until payroll deductions are credited to your account. You will not have to re-submit the claim.

What happens if I don't incur enough eligible expenses during the plan year to claim reimbursement of all the money I have contributed to the Dependent Care Reimbursement Account?

IRS rules do not permit a refund of any unused funds that remain in your Dependent Care Reimbursement Account at the end of a plan year. Also, you cannot transfer money designated for the Dependent Care Reimbursement Account to any other account or fund. For this reason, it is important that you be conservative when setting your targeted contribution to the Dependent Care Reimbursement Account.

If I contribute to our Dependent Care Reimbursement Account, does it affect my ability to take advantage of the Dependent Care Tax Credit on my personal income tax filing?

Expenses that are reimbursed through the Dependent Care Reimbursement Account cannot be used as deductible expenses when filing your personal income taxes. In many cases, the Dependent Care Reimbursement Account provides a greater tax benefit than the Dependent Care Tax Credit received when claiming it on an individual's tax returns. Variables affecting which method is better include level of income, exemptions and number of dependents receiving care. You may wish to discuss each choice with your tax accountant to ensure you are getting the greatest tax savings available to you.

What happens if I terminate employment?

If you terminate employment, your participation in the Dependent Care Reimbursement Account will automatically terminate. However, you can receive reimbursement for eligible dependent care expenses incurred prior to termination (see your Summary Plan Description for details).

Important to know…

- The maximum annual contribution allowed to your Dependent Care Reimbursement Account is $5,000. If you are married and filing separate tax returns, your maximum is $2,500.
- Money you choose to put into this account is only available for reimbursement during the plan year. If there is money left in your account at the end of the year you lose it, so be careful to estimate your eligible dependent expenses carefully.
- The elections you make for this account during enrollment are your elections for the entire plan year. You may change them only if you have a qualified change in status (see your Summary Plan Description for details).
- The money you elect to put into this account must only be used for eligible dependent care expenses for your dependents. For example you cannot request reimbursement from this account for medical expenses because those expenses must be reimbursed from the Medical Flexible Spending Account.
- The money you elect to put into this account is available as it is deducted from your paycheck. If your claims exceed the funds available in your account the claims will be reimbursed as soon as the money has been deposited into the account.

Detailed information about Dependent Care Reimbursement Accounts can be found in the Summary Description provided. Although great care has been taken in preparing the materials, in the event that there is a discrepancy between this overview sheet, the Summary Plan Description and the Plan Document, the Plan Document will prevail.