

# DEPENDENT CARE

## FSA 101

UNDERSTANDING THE BENEFITS OF A  
DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT



## WHY CHOOSE A DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

For some parents, full-time child care can be more expensive than college tuition.<sup>1</sup> A dependent care flexible spending account (FSA) can help you manage child-care costs while providing additional tax savings. Simply determine how much of your pay goes into your FSA, and you can reimburse yourself as the funds become available throughout the year.

### KEY BENEFITS OF A DEPENDENT CARE FSA

#### TAX ADVANTAGES

Dependent care FSA contributions are pretax and reduce your taxable income.



#### BUDGET CLARITY

Because child care is somewhat predictable, you can estimate how much you need to contribute to your FSA each paycheck.

## WHO'S ELIGIBLE?

You are eligible to enroll in an employer-sponsored dependent care FSA as long as you or your spouse are employed, looking for work, or attending school full time.

## OTHER CONSIDERATIONS

- The IRS limit for dependent care FSA contributions in 2022 is \$5,000 per household.
- Your FSA contributions are determined during open enrollment and cannot be changed during the year unless you experience a qualifying life event such as a change in marital status or the birth of a child.
- With the passing of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, employers can elect to allow for the carryover of unused dependent care assistance program funds to be carried over from 2021 to 2022. See your plans provisions to confirm the forfeit money timeframe set by your employer.

## EXAMPLES OF ELIGIBLE DEPENDENT CARE FSA EXPENSES:



**ELDER CARE**



**SUMMER DAY CAMPS**



**BEFORE- OR AFTER-SCHOOL CARE**



**DISABLED DEPENDENT OR SPOUSE CARE**



**CHILDCARE CENTERS, BABY-SITTERS, AND NANNIES CARING FOR CHILDREN AGES 0-12**

## QUALIFYING LIFE EVENTS INCLUDE:

- Change in marital status
- Change in number of dependents
- Change in daycare providers
- Child turning 13 years old
- Change in the cost of qualifying day care expenses

## Preparing for the future goes beyond your traditional savings and retirement accounts.

Consider taking advantage of a dependent care FSA today.

 **Visit:** [[transamerica.com/portal](https://transamerica.com/portal)]

<sup>1</sup>"How much does child care cost" Care.com, June 2020