

Frequently asked questions

Dependent Care Spending Account (DCSA)

GENERAL INFORMATION

What is a DCSA?

A Dependent Care Spending Account allows you to set aside money from your paycheck pretax to pay for work-related child or adult care expenses you incur so that you and, if married, your spouse can work or look for work. The funds you set aside pretax are not subject to taxes, which means you pay less in taxes and have more spendable income. You cannot use your DCSA funds for your dependent's health care expenses.

How does a DCSA work?

You estimate what you will spend for work-related child or adult care expenses for the upcoming plan year. Then, you contribute pretax money each pay cycle to your account. As you incur qualifying expenses, you can submit a claim to request reimbursement from your account. The money is not taxed when it goes into the account and is not taxed when paid to you.

What is the advantage of a DCSA?

The DCSA is a tax-free account that allows you to pay for expenses with pretax money. You can set aside money for eligible expenses before your employer deducts taxes from your paycheck. This means the amount of income your taxes are based on will be lower. Here's an example:

Annual savings example	With DCSA	Without DCSA
Annual income	\$50,000	\$50,000
Annual pretax DCSA contribution	\$5,000	\$0
Annual taxable income	\$45,000	\$50,000
Annual tax withholdings (estimated 30%)	\$13,500	\$15,000
Total annual savings (approximately \$300 for every \$1,000 withheld in the DCSA per year)	\$1,500	\$0

Who is eligible for a DCSA?

All eligible employees who incur qualified work-related child or adult care expense can participate.

Who are my eligible dependents?

Dependents include a child under age 13 who resides with you, or an older dependent such as a spouse or child age 13 or older, who resides with you and who is not physically or mentally capable of self-care.

What are “work-related” expenses?

Work-related expenses are those incurred while you (or your spouse) work or look for work and are for the protection and well-being of the dependent. It does not include expenses you incur for unpaid or nominal paid volunteer work, or expenses for care while you are not working or on leave.

What types of dependent care expenses are eligible?

Eligible expenses are those incurred at daycare centers, nursery or preschool for children not yet in kindergarten or first grade, before/after school care and summer day camp (not overnight camp). If divorced, only expenses incurred by the custodial parent can be included.

What types of expenses are not eligible?

Ineligible expenses include overnight camp, expenses incurred while you are not working; expenses paid for tuition or education for kindergarten, first grade or higher; lessons such as piano or swimming; expenses for food, transportation or activity fees; or expenses for services not yet provided even if you prepay for the services. The care provider can be a relative of yours (even if he lives in your home) as long as the provider is not a dependent. However, you cannot include any amounts you pay to:

- A dependent for whom you (or your spouse if filing jointly) can claim as an exemption;
- Your child who was under age 19 at the end of the year, even if he was not your dependent;
- A person who was your spouse any time during the year; or
- The parent of your qualifying person if the qualifying person is your child and under age 13.

Does the DCSA cover out-of-pocket health care expenses for my dependents?

No. The DCSA is for child/adult care expenses while you work. You can sign up for the MSA to cover your dependents out-of-pocket health care expenses.

Where can I find more information about eligible and ineligible expenses?

Visit asiflex.com/SCMoneyPlus to see the eligible expense listing and IRS Publication 503 for more information. You can also consult a qualified tax advisor for questions related to your personal situation.

ENROLLMENT AND CONTRIBUTIONS

When can I enroll in the DCSA?

You can enroll or re-enroll each year during open enrollment or within 31 days of initial eligibility. Otherwise, you may be able to enroll mid-year if you have a qualifying change in status event.

How much can I contribute to my DCSA each year?

Your contribution limit is determined by your tax filing status. If married and filing separate income tax returns, the limit is \$2,500. If married and filing a joint income tax return, or if single and filing as head of household, the limit is \$5,000. If your spouse is eligible for a DCSA through his place of employment, the total household limit is \$5,000. The contribution for highly compensated employees is \$1,700 no matter the tax filing status. Highly compensated employees, as defined by the federal government, are those who make \$120,000 or more.

How does a DCSA impact any tax credit available to me?

You cannot claim expenses that you deduct on your federal income tax return. However, you may be able to use a combination of the DCSA and federal deductions depending on your personal situation. Be sure to consult a qualified tax advisor if you have questions regarding your personal tax situation.

Can I change my DCSA election amount during the plan year?

Your DCSA contribution is fixed once you make your election during open enrollment or initial enrollment. However, there are qualifying status changes for which you may be eligible to change your contribution amount.

What happens to my DCSA if I terminate employment or retire mid-year?

You can continue to submit claims for 90 days following your termination date or until the March 31 claim filing deadline, whichever is earlier, for expenses incurred during your period of coverage. During this time, you may be reimbursed up to the available cash balance in your account. You cannot submit claims for expenses incurred after you end employment.

CLAIM FILING AND REIMBURSEMENT

How do I submit claims and use my DCSA funds?

You can submit claims using the ASIFlex mobile app, online through your secure ASIFlex account or by mailing or faxing a completed claim form along with documentation. Acceptable documentation includes an itemized statement of the service provided showing the provider's name/address, date the child/adult care was provided, name of dependent(s) cared for, type of service (daycare, summer camp, etc.) and dollar amount. In lieu of documentation you can have your daycare provider sign the claim form to certify the services were provided.

If I pay my daycare provider on the first of each month for the entire month's care, can I be reimbursed right away?

You can only submit claims for services that have already been provided, regardless of when you pay for the service. In this case, you can submit at the end of each week or end of the month.

Can I submit claims for more than my account balance?

You can submit claims for expenses incurred as long as the services have already been provided. You can submit claims for the services provided and be reimbursed up to the available cash balance in your account. Assume that you contribute \$400 per month to your DCSA, and you incur \$500 of daycare expenses in a given month. You can submit the claim for the full \$500 and be reimbursed up to the cash balance of \$400. The remaining \$100 is pended and will be automatically paid once you make another contribution to the DCSA.

How are claim payments issued to me?

There are two ways to receive reimbursements. The first is direct deposit, which is fast and secure. To set up direct deposit, log in to your online account and update your account settings. The other option is payment by check mailed to your home. There is a \$25 check minimum and claims under this amount are pended until your claims exceed \$25. Note that ASIFlex nor your employer are responsible for mailed checks that may be lost.

How does ASIFlex communicate with me?

You can elect to receive electronic communication via email and/or text alerts, or you can elect to receive paper communication via USPS mail. To sign up for electronic communication, log in to your online account and update your account settings to include your email and cell phone number. ASIFlex also posts communication to your online account in your secure message center.

What happens if I have unused funds in my DCSA at the end of the plan year?

Beginning with the 2019 plan year, the DCSA includes a grace period provision that allows you to continue to incur expenses through March 15 of the following year. You can submit claims for those expenses and use your previous year's funds. For example, you can incur expenses through March 15, 2020, and use your 2019 funds to pay for them.

What is the deadline to submit claims?

The deadline to submit claims is March 31 of the following year. For example, you have until March 31, 2020, to file claims for expenses incurred January 1, 2019, through March 15, 2020.

DCSA GRACE PERIOD

What is the grace period?

The grace period allows you to continue to incur expenses and use current year funds until March 15 of the following year.

When is the grace period effective?

The DCSA grace period is new for the 2019 plan year, which begins January 1, 2019. Participants will be able to incur expenses and use 2019 funds until March 15, 2020.

Is the grace period available for DCSAs and MSAs?

The grace period is available for DCSAs only, but is not available for MSAs. See FAQs regarding the new \$500 carryover feature for MSAs above.

How does the grace period work?

Here's an example:

You enroll in a DCSA for the 2019 plan year, which begins January 1, 2019, and elect to contribute \$5,000. As of December 31, 2019, you have spent \$4,000 and have \$1,000 remaining in your account. If you have no further expenses for the 2019 plan year, you can continue to incur dependent care expenses through March 15, 2020, and submit claims for these expenses using your 2019 funds.

Do I need to re-enroll for the 2020 plan year to take advantage of the grace period?

No. If you do not re-enroll for the January 1, 2020, plan year, you can still spend remaining 2019 funds for expenses incurred through March 15, 2020.

When do I need to submit claims?

The deadline to submit claims is March 31 of the following year.