



## Frequently asked questions | Dependent Care Spending Account

### General information

#### What is a Dependent Care Spending Account (DCSA)?

A Dependent Care Spending Account (DCSA) 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:

	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
<b>Total annual savings (approximately \$300 for every \$1,000 withheld in the DCSA per year)</b>	<b>\$1,500</b>	<b>\$0</b>

#### Who is eligible for a DCSA?

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

**Who are my eligible dependents?**

Dependents include a child younger than age 13 who resides with you, or an older dependent, such as a spouse or child ages 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 day care 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, expenses incurred only 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 younger than 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 younger than age 13.

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

No. The DCSA is for child and adult care expenses while you work. You can sign up for a Medical Spending Account (MSA) to cover your dependents’ out-of-pocket health care expenses.

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

Visit [www.SCMoneyPlus.com](http://www.SCMoneyPlus.com) to see the eligible expense listing and IRS Publication 503 for more information. You can also consult a qualified tax adviser 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 their place of employment, the total household limit is \$5,000. The contribution for highly compensated employees is \$1,600 no matter the tax filing status. Highly compensated employees, as defined by the federal government, are those who earned \$150,000 or more in calendar year 2024.

**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 adviser 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?**

If you leave your job permanently or take an unpaid leave of absence, you cannot continue contributing to your DCSA. You can, however, continue to incur expenses through March 15 of the following year, and request reimbursement for eligible expenses through March 31 of the following year, or until you exhaust your account.

If you return to employment with an employer who participates in PEBA-administered insurance within 30 days, your original DCSA elections will be reinstated. If you return to employment with an employer who participates in PEBA-administered insurance after 30 days, you cannot participate in a DCSA for the remainder of the plan year. You can, however, re-enroll during open enrollment for the next plan year.

## Claim filing and reimbursement

**How do I submit claims and use my DCSA funds?**

You can submit claims using the TASC mobile app, online through your secure TASC 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 (day care, summer camp, etc.) and dollar amount. In lieu of documentation, you can have your day care provider sign the claim form to certify the services were provided.

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

You can submit claims only 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 day care 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?**

TASC will deposit reimbursements into your MyCash account, usually within 24-48 hours. You can access your MyCash funds three ways.

1. Swipe your TASC Card at any merchant that accepts Mastercard.
2. Withdraw funds at an ATM (with a PIN) using your TASC Card. Fees may apply.
3. Transfer funds to a personal bank account via the mobile app or online.

You will receive reimbursement payments via MyCash unless you establish direct deposit through your online account.

**How does TASC communicate with me?**

You will receive communications from TASC via email to the email address on file. You can also sign up to receive text messages by calling TASC Customer Care at 888.276.3147. Your messages from TASC will be available in your participant portal under Alerts, too.

**What happens if I have unused funds in my DCSA at the end of the 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, 2025, and use your 2024 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, 2025, to file claims for expenses incurred January 1, 2024, through March 15, 2025.

## 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?**

Participants can incur expenses and use 2024 funds until March 15, 2025.

**Is the grace period available for DCSAs and MSAs?**

The grace period is available for DCSAs only and is not available for MSAs.

**How does the grace period work?**

To explain the grace period, here is an example.

You enroll in a DCSA for the 2024 plan year, which begins January 1, 2024, and elect to contribute \$5,000. As of December 31, 2024, you have spent \$4,000 and have \$1,000 remaining in your account. If you have no further expenses for the 2024 plan year, you can continue to incur dependent care expenses through March 15, 2025, and submit claims for these expenses using your 2024 funds.

**Do I need to re-enroll for the 2025 plan year to take advantage of the grace period?**

No. If you do not re-enroll for the 2025 plan year, you can still spend remaining 2024 funds for expenses incurred through March 15, 2025.

**When do I need to submit claims?**

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