

# DEPENDENT CARE

## FLEXIBLE SPENDING ACCOUNTS (DCFSA)



The Mercer Marketplace Dependent Care FSA lets you use tax-free dollars to pay for child and elder day care costs incurred so that you and your spouse may work or attend school full-time. This account does not cover your dependents' health care expenses; use the Health Care FSA for that.

The IRS allows a family maximum contribution of \$5,000 per calendar year to the Dependent Care FSA. If your spouse also participates in a Dependent Care FSA, your combined contributions cannot be higher than the family maximum. If you are married and file separate tax returns, the maximum amount you can contribute is \$2,500. Special rules apply for determining the earned income of a spouse who is disabled, a full-time student or unemployed. Please contact your tax advisor for more information.

The amount available for reimbursement from your Dependent Care FSA is the amount you have contributed to date. If a claim exceeds the amount currently in your account, you will receive partial payments based on your account balance until the expense is fully paid, your annual election amount is exhausted, or your contributions for the plan year cease.

### Eligible Dependents

The dependent must live in your home for at least eight hours a day to qualify for Dependent Care FSA expenses. The dependent must also meet at least one of the following requirements:

- Under age 13 who you claim as a dependent on your income tax return or, if you are legally separated or divorced, for whom you are the custodial parent.

- A child, spouse or other dependent who has been deemed physically or mentally incapable of self-care, and for who you claim as a dependent on your federal income taxes.

### IRS Guidelines

- Dependent care expenses you pay to a dependent are not reimbursable. For example, money you pay to your 17-year-old to watch your 12-year-old cannot be claimed.
- Day care centers that care for more than six children must be licensed.
- Expenses may be submitted for reimbursement at the beginning of the month in which the service is provided. For example, if you pay for the entire month of dependent care for July on June 15, you may submit your request for reimbursement no earlier than July 1. Claims submitted with future dates of service will be denied. Recurring reimbursement requests are not supported.

### Dependent Care FSA or Federal Income Tax Credit: Which is Right for You?

The IRS allows a tax credit for dependent care. However the regulations do not allow you to claim the same expenses for both the Dependent Care FSA and Federal Income Tax Credit. Your situation is unique, so we suggest you consult with your tax advisor.



### CONTACT INFORMATION

Mercer Marketplace Participant Services representatives are available Monday through Friday 8 am to 9 pm ET.

Phone: (866) 268-0142

Fax: (844) 791-8319

Web: [www.yourflexbenefits.mercermarketplace365.com](http://www.yourflexbenefits.mercermarketplace365.com)