



Dependent Care FSA

TexFlex dependent care flexible spending account (FSA)

The dependent care FSA lets you set aside money on a pre-tax basis-for both you and your eligible dependents-the same way a health care FSA does, except it is limited to eligible out-of-pocket dependent care expenses.

Dependent care is more than just child care.

Although a large portion of those participating in a dependent care FSA use the funds for child care expenses, funds are also available for adult and elder day care. This would include care provided to a spouse or other tax dependent who resides in the house a minimum of eight hours a day and requires assistance with day-to-day living.

Contribution limits

Because dependent care FSA is a pre-tax benefit, the IRS limits the amount you can contribute to your account. The limits are determined each year by the IRS. The annual minimum contribution amount is \$180 and the annual maximum contribution amount is \$5000. With a dependent care FSA, you cannot access the full amount of your contribution at the beginning of the plan year. Funds need to build up in your account before you may use them.

How do I enroll?

All benefits-eligible active employees can enroll in, make changes to or cancel dependent care FSA accounts within 31 days of hire, during Summer Enrollment or within 31 days of a qualifying life event. Log in to your ERS account and elect the annual contribution amount you would like deducted from your paycheck monthly. Your annual contribution will be deducted before taxes and in equal amounts throughout the year.

What if I don't use all of my dependent care FSA funds?

TexFlex provides a 2 1/2-month grace period for dependent care accounts. For plan year 2019, you will have until December 31, 2019 to submit your claim paperwork for money spent on dependent care by November 15, 2019.

What can I purchase with my dependent care FSA funds?

You can only purchase eligible out-of-pocket dependent care expenses as follows:

- adult day care expenses,
- expenses for a housekeeper whose duties include caring for an eligible dependent,
- child care (at a day care center, day camp, sports camp, nursery school or by a private sitter),
- before and after-school care (must be billed separately from tuition) and
- placement fee expenses and stipend for an au pair.

How can a dependent care FSA save me money?

A dependent care FSA lets you set money aside for eligible dependent care expenses before taxes are taken out of your paycheck, which lowers your taxable income.

Savings example

Annual Savings*	with TexFlex	Without TexFlex
Annual pay	\$50,000	\$50,000
TexFlex pre-tax contribution	(\$2,000)	\$0
Taxable income	\$48,000	\$50,000
Federal income, Social Security & Medicare taxes	(\$10,966)	(\$11,616)
After-tax dollars spent on eligible expenses	\$0	(\$2,000)
Real spendable income	\$37,034	\$36,384
Annual Savings	\$650	\$0

*Sample tax savings for a single taxpayer with no dependents. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

TexFlex participant support

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 7 a.m. - 7 p.m. CT

Claims fax:
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DISCLAIMERS

Actual tax savings depends on your individual circumstances. Please consult a tax professional for more information. Neither WageWorks nor ERS engage in rendering legal or tax services. Any guidance given in this communication is not legal or tax advice. Information contained herein is merely guidance that, at your discretion, you may or may not use in making decisions. If legal or tax advice is desired or required, the services of legal counsel or a tax professional are recommended.