This page provides answers to questions concerning **Dependent Care Expenses** for Flexible Spending Accounts.

**What is a Dependent Care Flexible Spending Account?**

A dependent care flexible spending account allows you to pay employment-related dependent care expenses for care of a qualifying individual on a pre-tax basis.

**My enrollment material says my dependent care expenses must be "work-related". What constitutes a "work-related" expense?**

Work-related dependant care expenses are those which enable you to work and are incurred while you are working. “Working” includes both being gainfully employed and seeking gainful employment. If you are married, both you and your spouse must be working in order for the dependent care expenses to qualify. However, your spouse is considered to be working if he or she is a full-time student or is mentally or physically incapable of self-care. Working does not include doing volunteer work, whether the volunteer work is unpaid or is performed for a nominal salary. Expenses you pay for dependent care while you are off work due to illness are not eligible for reimbursement.

**What expenses are ineligible under a Dependent Care Flexible Spending Account?**

Ineligible expenses include the following:

- Amounts paid to a dependent care provider who is your child under the age of 19
- Expenses attributable to a disabled spouse or tax dependent living outside your household
- Educational expenses for kindergarten and higher grades
- Expenses for food, lodging or other benefits that are not for the care of the qualifying individual unless the care is provided in such a way that these expenses are incidental to and inseparably a part of the care
- Extra expenses for special events or activities
- Expenses for overnight camp
- Registration fees or administrative fees
- Transportation expenses

This list is not all-inclusive. If you have questions regarding whether an expense is eligible or ineligible under a Dependent Care Flexible Spending Account, please call your Anthem customer service phone number.
How much of my salary can I contribute to my Dependent Care Flexible Spending Account?

Your annual dependant care flexible spending account contributions cannot exceed $5,000, or $2,500 if you are married but file separate returns. Additionally, contributions cannot exceed your earned income for the taxable year if you are single. If you are married, they cannot exceed the lesser of your earned income or your spouse’s earned income. If your spouse is a full-time student or is incapable of caring for himself/herself, earned income will be deemed to be not less than $250 per month.

What if my spouse participates in a Dependent Care Flexible Spending Account? Can we both elect up to $5,000?

If you are married and you file joint tax returns, the total annual amount you and your spouse may contribute to dependent care flexible spending accounts is $5,000. If you are married but file separate returns, you may each contribute up to $2,500 to a dependent care flexible spending account. If you and your spouse both participate in dependent care flexible spending account plans, you may only obtain reimbursement for each eligible expense from one of the dependent care flexible spending accounts.

Who is a qualifying individual?

A qualifying individual is a dependent who satisfies the requirements set forth in applicable federal regulations. Qualifying individuals include (but are not limited in every situation to) the following: (1) your dependent child under age 13 who lives with you for more than half the year; and (2) your spouse or other qualifying dependent who is physically or mentally incapable of caring for himself or herself and lives with you for more than half the year. If you are divorced and you are the custodial parent for more than half the year, your child can be a qualifying individual even if you do not claim the child as a dependent on your tax returns.

How often are reimbursements made?

Claims are reimbursed on the schedule chosen by your employer.

What do I need to submit in addition to a reimbursement form?

If the employee and dependent care provider certifications on the claim form are completed and signed, additional documentation is not required. If the provider certification is not completed, attach an itemized statement from your provider including the date(s) of service, the name and date of birth of your dependent, itemized charges and the provider’s name, address and tax identification or Social Security number.

Is kindergarten tuition an eligible expense?

No. Fees associated with kindergarten are considered educational in nature and cannot be reimbursed under a Dependent Care Spending Account.

Is tuition an eligible dependent care expense?

Educational expenses for kindergarten and higher grades are not eligible for reimbursement under a Dependent Care Flexible Spending Account. Expenses for before- and after-school care and nursery-school expenses are eligible if the expenses are primarily for the care of the qualifying individual.
I pay my neighbor to watch my 13-year-old after school. Is this an eligible expense?

No. The individual being cared for must meet the definition of a "qualifying individual". A child age 13 or above is not a qualifying individual.

My 16-year-old daughter cares for my 8-year-old son after school. Can I pay my daughter and be reimbursed for those expenses from my dependent care flexible spending account?

You may not be reimbursed for payments made to:

- A dependent for whom you (or your spouse) can claim an exemption.
- Your child who is under age 19 at the end of the year, even if he or she is not your dependent.

If I participate in the Dependent Care Flexible Spending Account plan, do I need to report anything on my personal income tax return at the end of the year?

Yes. You must identify all persons or organizations that provided care for your child or dependent by filing IRS Form 2441 -Child and Dependent Care Expenses, along with your Form 1040 each year (or Schedule 2 for Form 1040A). Please note that filing requirements are subject to change by the IRS. Consult your tax advisor if you have specific questions.

If I participate in the Dependent Care Flexible Spending Account, will I still be able to claim the household and dependent care credit on my federal income tax return?

You may not claim a tax credit for the amounts for which you were reimbursed from your dependent care flexible spending account. However, you may claim a credit for additional eligible employment-related dependent care expenses you may have incurred. To determine whether the income tax credit for dependent care expenses is more favorable to you than participating in the dependent care flexible spending account, please consult your tax advisor.

I signed up to contribute $400 per month into my Dependent Care Flexible Spending Account plan. My actual expenses are closer to $500 per month. Should I submit my claim form for $400 or for $500?

You should file your claim for the actual amount of expenses incurred, $500. When you file a claim for reimbursement from your dependent care flexible spending account, the maximum reimbursement you may receive is equal to the account balance at the time the claim is processed. If the expenses you submit with your claim exceed this amount, the excess expenses will be reimbursed if and when additional contributions are made. Expenses exceeding your total annual contributions to your dependent care flexible spending account will remain unreimbursed at the end of the plan year. They will not carry over to the next plan year.

What if my eligible dependent care expenses during the plan year are less than the annual amount I have elected?

All money contributed to a Dependent Care Flexible Spending Account must be used to reimburse qualified expenses incurred during that plan year. Money not be used to reimburse eligible expenses is forfeited. Under applicable federal regulations, the unused portion of your Dependent Care Flexible Spending Account cannot be paid to you in cash or other benefits, and cannot be transferred to another flexible spending account. In order to reduce the risk of forfeiture, you should calculate your expected eligible dependent care expenses conservatively before making your annual election.
What if I decide to change the amount I elected?

Your election cannot be revoked or changed during the plan year unless you experience a change in status or another permissible event affecting your eligibility under your employer's plan or the eligibility of your dependent care expenses. The change or event must be one for which a mid-year election change is permitted under applicable federal regulations and the terms of your employer's dependent care flexible spending account plan. These may include:

- A change in your legal marital status through marriage, the death of your spouse, divorce, legal separation, or annulment;
- A change in the number of your dependents for federal income tax purposes through birth, adoption, placement for adoption, or the death of a dependent;
- The commencement or termination of employment of you, your spouse, or your dependent;
- A reduction or increase in the working hours of you, your spouse, or your dependent;
- The termination of an individual's status as your dependent;
- A change in your residence or that of your spouse or dependent;
- A significant change in the cost of dependent care imposed by a dependent care provider who is not your relative; or
- A change in dependent care providers.

If you want to change your election because you have experienced a change in status or an event for which a mid-year change in election is permitted, please contact your employer's benefits manager for assistance.