

Dependent Care Flexible Spending Account Provisions

Understanding the key provisions of your Dependent Care Flexible Spending Account are important to making the right choice and contribution amount.

Under this Account you will be reimbursed only for dependent care expenses meeting the following conditions:

1. The expenses are incurred for services rendered after the date of the election and during the Plan Year to which it applies.
2. Each individual for whom you incur the expense is:
 - i. a dependent under age 13 whom you are entitled to claim as a dependent on your Federal income tax return, or
 - ii. a spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself.
3. The expenses are incurred for the care of a dependent described above, or for related household services, and are incurred so you can work or look for work.
4. If the expenses are incurred for services outside your household, they are incurred for the care of a dependent who is described in 2 (i) above, or who regularly spends at least 8 hours per day in your household.
5. If the expenses are incurred for services provided by a dependent care center (i.e., a facility that provides care for more than six individuals not residing at the facility), the center complies with all state and local laws and regulations.
6. If the expense for services is paid, or is payable to an "Individual" who provides care in-

side or outside your home, the "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes.

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FSA dollar

These are some examples of *eligible* dependent care FSA expenses:

- Wages paid to a baby sitter.
- Wages paid to a person who provides care to an elderly disabled dependent. (Remember your elderly dependent must spend at least eight hours a day in your household. This FSA can't be used for nursing home care.)
- Licensed nursery school fees.
- Licensed child-care center costs.
- Before-school and after-school care.

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If you have any questions and/or comments about the JFT Health & Welfare Fund, FSAs or any Fund benefit plan, please call the Fund office (455-7261). We will be glad to assist you.

BEFORE YOU MAKE A CHOICE YOU NEED TO UNDERSTAND THE FOLLOWING:

- Do I understand that any money left in my FSA at the end of the Plan Year can not be forwarded to the next Plan Year? Nor can it be refunded to me.
- Do I understand that any monies I allocate to my FSA are committed for the entire Plan Year?
- Does my spouse contribute to a dependent care FSA? The maximum amount any one family can contribute during one calendar year is \$5,000.
- What expenses does the FSA cover? *Do not assume it covers the expenses you will incur.* Check the type of expenses you will incur with those covered under your FSA.
- Do I understand that I cannot take Federal income tax deductions for expenses I am reimbursed by my FSA?
- Do I understand that I cannot switch my dependent care FSA monies to the health care FSA?
- Do I understand that I am reimbursed *after* I pay for the services?
- Do I understand the FSA is for day care expenses for dependents and has nothing to do with dependent health care expenses?
- Do I understand that the cost of overnight camp *is not* considered a work-related expense?

NOTE

The Dependent Care Flexible Spending Account is generally more advantageous than taking a Federal tax credit if your adjusted gross income is greater than \$25,000.

But remember, only **you** can decide which is a better choice. Everyone's tax situation is different. You should consult a tax adviser with specific tax questions.

DEPENDENT CARE FSA WORKSHEET

ESTIMATED

Day care for a child or children under age 13 _____

Day care for a *dependent* older than 13 such as a parent or spouse who needs care because of a disability _____

Dependent care services inside your home _____

Before and after school care _____

TOTAL (A) _____

Number of Pay Periods (B) _____

Amount Per Pay (A ÷ B) _____

QUALIFYING EXPENSE

ANNUAL EXPENSE

The reimbursement *may not exceed* the least of the following limits:

- (a) \$5,000 (if you are head of household or married and file a joint return) or \$2,500 (if you are married and file a separate return)
- (b) Your taxable compensation
- (c) If you are married, your spouse's actual or deemed* earned income.

* For purposes of (c) above, your spouse will be deemed to have earned income of \$200 (\$400 if you have two or more dependents described in paragraph 2. of the Provisions), for each month in which your spouse is (i) physically or mentally incapable of caring for himself or herself, or (ii) a full-time student in an educational institution.

A Dependent Care Flexible Spending Account may be right for you and your family.

Considering but not sure if you have enough information yet to make a decision —

Call the Fund Office at 455-7261. Our office hours are from 8:00 a.m. to 4:00 p.m.

Your Fund Staff will be happy to discuss your concerns and answer any questions you may have by phone or you can make an appointment to come to the office to discuss.

Don't delay in making your decision if a Dependent Care Flexible Spending Account is right for you and your family.



Dependent Care Flexible Spending Account WORKSHEET



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This Worksheet Will Help You To Estimate Your Annual Dependent Care Expenses.

This Is Not Intended To Be Comprehensive But May Be Used As A Guide.