Dependent Care Flexible Spending Account [1]

Use a Dependent Care Flexible Spending Account (DCFSA) to save between 25-40% on the cost of child care or day care for children 13 and under, and for home care for an older or incapable dependent while you are at work or school.

Current plan year**
(July 1, 2021 – June 30, 2022)

IRS contribution limit: $5,000 per household for the 2021-22 plan year.

Deadlines:

- You must incur qualifying expenses [2] between:
  - New employee or new eligibility: benefit effective date [4] and Sept. 15, 2022
  - Current employee: July 1, 2021 and Sept. 15, 2022

  - If you do not use all of your funds within the FSA, the remaining amount will be forfeited.

Previous plan year*
(July 1, 2020 - June 30, 2021)

- If you do not use all of your funds within the FSA, the remaining amount will be forfeited.

Plan details

- Dependent Care FSA basics
• Dependent Care Flexible Savings Account fact sheet [6] (Spanish translations available)

• Contributions
  • Spending your money
    o Eligible expenses [7]
    o Direct deposit form [8]
    o Mobile app for Android [9] and iPhone [10]
    o Claim forms [11]
  • Effect on Social Security
  • Effect on PERA

*Allowable extension adopted by CU due to the Consolidated Appropriations Act of 2021.

**If Congress implements future allowable extensions, CU will consider allowable deadline extensions to Plan Year 2021-2022.

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Determine your contributions

FSA contributions start on July 1, 2021, the first day of the plan year.

Contributions end on June 30, 2022 but you'll have until Sept. 15, 2022 to spend your money.
DCFSA Basics

- Our DCFSA (Dependent Care Flexible Spending Account) is used to pay for childcare expenses for children under the age of 13 or qualifying adults, who cannot care for themselves and meet IRS guidelines. It is administered by ASIFlex.
- This account is regulated by the Internal Revenue Service (IRS), who determines contribution limits, qualifying expenses and has designated it as a “use it or lose it” account.
- The IRS allows these expenses to enable you to work. If you are married, your spouse must be working, looking for work or be a full-time student. If you have a stay-at-home spouse, you should not enroll in the DCFSA.
- Your DCFSA (Dependent Care Flexible Spending Account) becomes effective on your benefits eligibility date if you are a new hire or July 1, if enrolled during Open Enrollment.
- DCFSA (Dependent Care Flexible Spending Account) is used to pay for childcare expenses for children under the age of 13 or qualifying adults, who cannot care for themselves and meet IRS guidelines.

Videos

- What is an FSA?
- Dependent Day Care FSA
- Filing an FSA Claim

DCFSA Contributions

- Your pretax contributions can be a minimum of $10 per month up to an annual maximum of $5,000 per plan year (July 1 to June 30) per household. The money is deducted from your pay pretax.
- The amount you elect will be divided by the number of remaining pay periods in the plan year. Your final contribution will be June 30.
• Your election is fixed for the Plan Year. The date span from July 1 to June 30. [21]. However, changes are permitted if you experience a Qualifying Life Change [22].

• For tax purposes, you are responsible ensuring that your total calendar-year contributions do not exceed $5,000 per Household. For example, if you are hired by CU in the middle of our plan year and have contributed to a DCFSA (Dependent Care Flexible Spending Account) Used to pay for childcare expenses for children under the age of 13 or qualifying adults, who cannot care for themselves and meet IRS guidelines [2] with your prior employer, you must keep track of the total contribution amount.

**Spending DCFSA Funds**

• Funds in the account must be utilized on qualifying dependent care expenses [7], or you will pay both taxes and penalties.

• Expenses qualify for the DCFSA (Dependent Care Flexible Spending Account) Used to pay for childcare expenses for children under the age of 13 or qualifying adults, who cannot care for themselves and meet IRS guidelines [2] when they are incurred.

• To get reimbursed, submit your receipt for services on-line at www.asiflex.com [12] or you can download the free mobile app for Android and Apple devices.

**Use it or Lose it Accounts**

• Failure to incur the expense and claim the reimbursement by the deadline will result in the forfeiting of your funds.

**Effect on Social Security**

Cafeteria plan: A plan that meets the requirements of IRS Code Section 125 and offers participating employees certain non-taxable benefits, such as the Premium Only Plan and flexible spending accounts [24] dollars are deducted from your pay pretax, meaning before federal, state, Social Security and Medicare taxes are paid. Participating in cafeteria plans reduces the salary on which annual contributions to Social Security are calculated, which may result in a reduction of the Social Security benefits received at retirement. The reduction is minimal and you may wish to discuss it with your tax advisor.

**Effect on PERA**

If you are a PERA member on or before June 30, 2019: A plan that meets the requirements of IRS Code Section 125 and offers participating employees certain non-taxable benefits, such as the Premium Only Plan and flexible spending accounts [24] dollars are deducted from your pay pretax, meaning before federal, state, and Medicare taxes are paid. Your PERA retirement annuity or disability retirement is based on
your PERA Highest Average Salary (HAS) calculation. Since cafeteria plans reduce the salary on which PERA calculates benefits, your PERA retirement benefits may be reduced.

Review the FSA plan document [25].

Groups audience:
Employee Services

Right Sidebar:
ES: Benefits & Wellness - New Employee Sidebar
ES: Benefits & Wellness - Contact

Source URL: https://www.cu.edu/employee-services/benefits-wellness/new-employee/hsa-fsa/dependent-care-flexible-spending-account

Links
[16] https://www.cu.edu/es-benefits-glossary/use-it-or-lose-it
[18] https://webdocs.asiflex.com/videos/what_is_an_fsa.html
[22] https://www.cu.edu/employee-services/benefits-wellness/current-employee/life-events
[23] https://www.cu.edu/employee-services/benefits-wellness/current-employee/life-changes
[25] https://www.cu.edu/docs/flexible-benefits-plan