

# Dependent Care Reimbursement Account

## How it can work for you

A Dependent Care Reimbursement Account (DCRA) is a type of FSA that allows you to pay for eligible dependent care expenses with pre-tax dollars throughout the year, eliminating the need to take the annual Federal Tax Credit. The amount you contribute to your DCRA is not subject to Federal, State or FICA taxes, which generally means a tax savings of 15% to 40%, depending on your tax bracket.

### Who is considered a qualified dependent?

Dependents are defined as children under 13 years of age, or children 13 and over who are physically or mentally unable to care for themselves. A spouse or an elderly parent residing in your home who is physically or mentally unable to live independently also qualifies.

### Eligible Providers

You are able to use any provider you choose; however, they cannot be your own child if they are under 19 and still claimed as a dependent. An example of this may be paying your 16-year-old to babysit your 10-year-old. You cannot be reimbursed for the amount you paid the 16-year-old for babysitting. However, a provider can be as informal as a neighbor who watches your children after school, as long as they claim the money received for the services as income when determining their taxes at the end of the year. Note: you will need to obtain the provider's Federal Identification / Social Security Number for including on your tax filing.

### Eligible DCRA Expenses

Expenses which allow you (and your spouse, if married) to work, look for work or attend school as a full-time student are eligible. Below are expenses that would qualify for reimbursement from your DCRA:

- Daycare facility fees (including transportation, lunches, educational services)
- Before-school and after-school care
- Local day camp
- In-home babysitting fees (income must be claimed by your care provider)
- Nursery school and preschool (preschool expenses are eligible if the amount you pay for schooling cannot be separated from the cost of care.)

### Common **Ineligible** DCRA Expenses

Dependent care expenses are not considered incurred until the child care is actually provided. Reimbursement may not exceed your year-to-date deductions. Divorced parents should be aware that the Dependent Care Reimbursement Account is only available to the custodial parent, as it can only be used to allow the parent to be gainfully employed. The following are examples of common ineligible expenses:

- Diaper changing fees
- Fees for lessons (e.g., dance, piano, swim, etc.)
- Field trips
- Household services (housekeeper, maid, cook)
- Kindergarten
- Lunches/food
- Maternity Leave (if you or your spouse are on maternity leave and you place your other children in day care, those expenses are not eligible)
- Overnight camp expenses (this is not considered a work-related expense)
- Transportation for day care

### Questions?

Email us at [healthaccounts@MyMidAmerica.com](mailto:healthaccounts@MyMidAmerica.com) or call us at (855) 329-0095.

