



# Dependent Care FSA for Military Families and Spouses



## WHAT IS A DCFSA?

A Dependent Care Flexible Spending Account (DCFSA) is a pre-tax account used to pay for eligible dependent care services such as child or adult day care.



## WHO IS IT FOR?

Enrollment in a DCFSA is open to DoD civilians, regular (active) component service members, and Active Guard Reserve members on Title 10 orders who have dependents with eligible expenses.



## WHY ENROLL?

Keep more of your money in your pocket! Contributions go straight from your paycheck into your DCFSA before taxes are deducted. This reduces the amount of your income subject to taxes.

*Dependent care costs can be high. A DCFSA can help you set aside earnings tax-free to pay for such expenses. Is a DCFSA right for your family?*



## QUICKLY DETERMINE ELIGIBILITY

- + You must have an eligible dependent and use eligible dependent care services to allow yourself and your spouse (if applicable) to work, look for work or attend school full-time.
- + Your dependent must be claimed on your tax return for the year you are enrolling in a DCFSA.
- + If your spouse is a full-time student or incapable of self-care, for purposes of DCFSA eligibility, your spouse is considered to have \$250 per month in earned income for your first dependent, and \$500 per month in earned income if you have two or more dependents.

## COMMON ELIGIBLE EXPENSES

- + Preschool & After-School Care
- + Day Care
- + Day Camp

## ELIGIBLE DEPENDENTS

-  Children under age 13 who are claimed as dependents for tax purposes
-  Spouse or dependent of any age who is physically or mentally incapable of self-care

## INELIGIBLE EXPENSES

- ✗ School tuition expenses (kindergarten and above)
- ✗ Services provided by one of your dependents
- ✗ Night-time babysitting (unless you work nights when the expenses are incurred)
- ✗ Overnight camps
- ✗ Nursing homes, medical care or other residential care centers

## HOW MUCH CAN I CONTRIBUTE?

### *\$100-\$5,000 Pre-tax Earnings*

- You may contribute a minimum of \$100 and a maximum of \$5,000 or up to the amount of your total earnings if you earn less than \$5,000 per calendar year into a DCFSA.
- However, your marital and tax filing status may impact the amount you are able to contribute.

## DEADLINES

- You may only enroll in a DCFSA during the Federal Benefits Open Season, typically held mid-November through mid-December each year, or when you have experienced a Qualifying Life Event (QLE) such as the birth or adoption of a child, a divorce, or relocation.
- The DCFSA operates on a calendar year basis, starting January 1 and ending December 31.
- There is a grace period through March 15 of the following year to incur expenses. Claims can be submitted through April 30 of the following year.
- Any funds remaining in a DCFSA after April 30 of the following year are forfeited.



# IT'S A TOOL THAT CAN HELP YOU KEEP MORE OF WHAT YOU EARN

The cost of day care for children or supervision for an aging parent can be a significant expense for many families. Use your DCFSA to pay for out-of-pocket eligible expenses tax-free.

“My spouse is an active component E-5 and we have three dependents, two children under the age of 13, and my father who is a disabled veteran. I was the sole care provider for our family but am now returning to work part-time and will be hiring an au pair. Am I eligible to enroll in a DCFSA benefit or must my spouse?”



*Good news! You are eligible. Your active component spouse can enroll or you can enroll through your employer. However, the maximum contribution per tax year is \$5,000 for a family whose tax status is married filing jointly.*

Use DCFSAs to pay for qualifying expenses incurred to help you and your spouse go to work, study, and look for a job. Only a DoD civilian or a uniformed service member can sign up for the DCFSA offered by the Department of Defense via FSAFEDS.

## A FEW THINGS TO CONSIDER

- + Both you and your spouse must have earned income for your household to be eligible.
- + If the lower earning spouse's earned income is less than \$5,000, your family's maximum contribution is limited to the amount of the lower earning spouse's income.
- + Your tax filing status will affect the amount you are able to elect in your DCFSA. If you are married filing jointly, you may contribute up to the maximum of \$5,000 per household into your DCFSA. If you are married filing separately, you may only contribute up to \$2,500 per taxpayer.
- + If you are a full-time student or incapable of self-care, for purposes of DCFSA eligibility, you are considered to have \$250 per month in earned income for your first dependent, and up to \$500 per month in earned income if you have two or more dependents.

## RESOURCES AVAILABLE

- + A financial planning professional can help you set a budget that will work for your family. They can help you decide if a DCFSA supports your overall financial readiness. Connecting with a personal financial professional is easy and free for service members and their families.
- + A tax consultant can help you examine your family's tax situation and how a DCFSA might benefit you. Service members and their families have access to free tax consultation from MilTax via Military OneSource.



Scan the QR code to learn more about the DCFSA and the options available to you, or visit [MilitaryOneSource.mil/DCFSA](https://MilitaryOneSource.mil/DCFSA)