

Fidelity Health®

Child and Elder Care Spending Account

What is a Child and Elder Care Spending Account?

Your out-of-pocket dependent care expenses don't have to take a big hit on your budget. Contributing to this type of account reduces taxable income and spreads the benefits of pre-tax dollars throughout the year.

With a Child and Elder Care Spending Account, you elect to have your annual contribution amount deducted from your paycheck each pay period, in equal installments throughout the year, until you reach the yearly maximum you have specified.

The amount of your pay that goes into a Child and Elder Care Spending Account will not count as taxable income, so you will have immediate tax savings. The IRS sets the contribution limit for Child and Elder Care Spending Accounts.



Dependent Care Expenses

Use your Child and Elder Care Spending Account to reimburse yourself for certain qualified dependent care expenses, as allowed by the IRS. Examples include:

- Babysitting (work-related)
- Before or after school programs
- Licensed nursery schools
- Qualified childcare centers
- Custodial elder care (work-related)
- Elder care (while you work, to enable you to work, or to look for work)
- Sick childcare
- Summer camps (for dependent children under age 13)
- Preschool tuition

This list is not meant to be all-inclusive. For a complete list of dependent care expenses see [IRS Publication 503](#).

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Plan Ahead

Before you enroll, you must first decide how much you want to contribute to your account. You will want to spend time estimating your anticipated qualified dependent care expenses for the year.

Child and Elder Care Spending Account elections are made per plan year

- The funds you contribute don't roll over from year to year. Typically, you will forfeit any funds left in a Child and Elder Care spending account after the end of the plan year.

You'll need to make sure your expenses qualify for Child and Elder Care Spending

- It is important to ensure that the funds being used from the Child and Elder Care Spending Accounts are for qualified expenses. You should consider saving receipts and tracking payments and reimbursements. Receipts should include provider name, Provider Tax ID number (or SSN) provider contact information, the dependent name, service dates (begin and end dates), a description of the service, and the expense amount



Easy Access

You can submit Child and Elder Care claims as often as qualified expenses are incurred. Expenses must be incurred during the plan year, and any reimbursement must be requested before the end of the run-out period.

- **Reimburse yourself:** You can submit a claim by logging in to [NetBenefits](#) and selecting "Flexible Spending and Reimbursement Accounts". From there, select "Reimburse yourself". You can request a check disbursement or link a bank account for faster transfers. Reimbursements can only be processed for expenses that have already been incurred.

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Frequently Asked Questions

Who Qualifies as a dependent?

An eligible dependent is any dependent under the age of 13 or a dependent who is incapable of taking care of themselves who lives in your home for more than half of the year.

How do I participate in a Child and Elder Care Spending account?

You must elect to participate during your employer's annual enrollment or as the result of a qualifying life event. Contact your benefits administrator for more information.

How can I set up direct deposit?

You can add direct deposit (via a bank account) for all flexible spending and reimbursement accounts by going to [NetBenefits](#) and selecting "Flexible Spending and Reimbursement Accounts". Then select "Link a bank account" and follow the prompts.

When is my money available?

Money is available as it is contributed to your account, typically each payroll cycle. Once you submit a claim, review occurs within two business days, and reimbursement can take as little as three business days through direct deposit once the claim is approved.

Does money carry over at the end of the plan year?

Child and Elder Care Spending Account elections, payments, and reimbursements are made per plan year. You will generally forfeit any money left in a Child and Elder Care Spending Account after the end of the plan year. Contact your benefits administrator for more information.

What happens if I terminate employment?

Because your Child and Elder Care Spending Account is owned by your employer, any remaining funds in your account will be forfeited back to your employer. Most employers offer a run-out period for you to submit claims for eligible expenses incurred while you were still actively employed. Your employer determines the length of the run-out period. After the run-out period, any remaining money in your account will be forfeited back to your employer. Contact your benefits administrator for more information.

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Frequently Asked Questions

Can I set up recurring reimbursements for my Dependent Care provider?

Yes. You can enter recurring claims on [NetBenefits](#) eliminating the need to file for reimbursement for each subsequent claim. Recurring claims are input with the applicable information, including the length of time that the recurring claim should be filed.

What do I do if I requested funds in error OR a provider refunds me for an expense that I paid for with my account?

The expense can be refunded to your account via check, along with the claim number, to the standard address on claim notifications. You may also contact our call center to have the corresponding claim denied so that you can repay the claim within [NetBenefits](#).

How much will I really save in taxes by contributing to a Child and Elder Care Spending Account?

Generally, contributions you make to your account are not subject to federal or social security taxes. In most instances, there are no state taxes taken out either.

The amount you may save depends upon:

- The amount you put into your Child and Elder Care Spending Account
- The tax percentage you would normally pay on that money (tax bracket).

Let's say you want \$2,000 taken out of your paycheck this year to put into your account. The money you direct to your account is taken out of your check before taxes are taken out. That reduces your taxable income by \$2,000.

Let's say you normally pay 30% in federal, Social Security, and state taxes on your income. In this example, you would have a tax savings of 30% of the \$2,000. In other words, you could get an estimated tax savings of \$600 on the \$2,000 you directed to your account.

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Frequently Asked Questions

How do I change my payroll deduction amount?

Generally, your employer allows changes to your election (that would in turn update your payroll amount) with a qualifying life event such as the addition or loss of a qualifying dependent. Contact your benefits administrator for more information.

Your employer sends your payroll contributions to us to include in your Child and Elder Care Spending Account balance.

Depending how often in a month you pay your day care provider you may not have a full month reimbursements until after the month has passed. In those situations, you may need to reimburse your day care provider via another form of payment if your account has not accumulated enough payroll contributions yet.

The amount you save in taxes with a Flexible Spending Account will vary depending on the amount you set aside in the account, your annual earnings, whether or not you pay Social Security taxes, the number of exemptions and deductions you claim on your tax return, your tax bracket, and your state and local tax regulations. Check with your tax advisor for information on how participation will affect your tax savings.