Lively

Dependent Care FSA

Tax-free savings for caregivers

A Dependent Care Flexible Spending Account (DCFSA) is an employer-sponsored account that allows employees to set aside pre-tax dollars for eligible expenses. Enrolling in a DCFSA means you can offset some of the high costs of dependent care services while also reducing your tax burdens. Many working parents and caregivers take advantage of these savings each year.

Who is eligible to enroll in a DCFSA?

If you are eligible to participate in your employer's benefits program, you are eligible to enroll in the DCFSA offered.

- Enrollment and election only take place during the open enrollment period, unless you have a qualifying life event during the year.
- You can be simultaneously enrolled in a DCFSA and an HSA or another type of FSA.
- You do not need to enroll in your employer's health plan to enroll in a DCFSA.

Who is an eligible dependent?

Qualifying individuals must be claimed as dependents on your federal tax return, such as:

- A child under age 13
- A disabled spouse
- An elderly parent

These individuals generally need to have the same primary residence as you to qualify and other requirements may apply.

Check IRS Publication 503 for complete and updated details.

Contribution limits in 2025*

$5,000
If you are filling single, or are married and filling jointly

$2,500
If married but filing separately

You cannot contribute more than your earned income for the plan year.

If you and your spouse are each enrolled in a DCFSA, the maximum for your household is still $5,000, not $10,000.

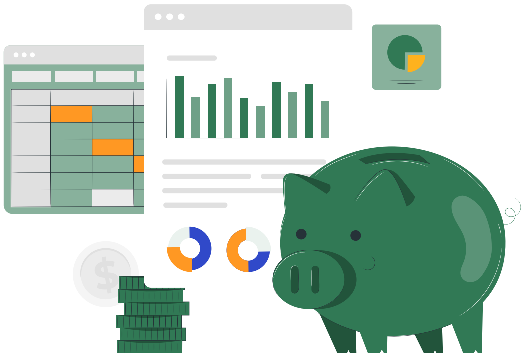
**Contribution limits may vary by employer.*

What expenses are eligible?

Knowing what expenses qualify will help you make the most of your DCFSA. Here are some examples of eligible and ineligible expenses, and you can always refer to a complete list at livelyme.com/whats-eligible.

- ✓ Day care
- ✓ Afterschool programs
- ✓ In-home care
- ✓ Preschool
- ✓ Transportation
- ✓ Physical care

- ✗ Overnight camp
- ✗ Enrichment activities
- ✗ Tutoring fees



Funding your DCFSA

- Once you make your annual election, equal parts of the elected amount will be deducted from each paycheck throughout the year.
- Unlike funds of other types of FSAs which are fully available at the start of the plan year, DCFSA funds are made available as they are deducted from your paycheck. You will only have access to the funds currently in your account at any given time.
- You will only be allowed to change the election amount during the year if you have a qualifying life event, such as change in marital status, change in number of dependents, or change in employment status.

Using your DCFSA

- As with all FSAs, your DCFSA funds are "use it or lose it" and expire at the end of the plan year, so remember to be strategic with how much you choose to elect.
- Depending on the type of expenses you incur, you can either pay directly with your FSA debit card or submit claims for reimbursement by following instructions from your FSA provider.
- If your employer offers a grace period, you may have up to an extra 2.5 months to spend your DCFSA funds. Be sure to check your plan documents for details.
- Unfortunately, DCFSA funds cannot be carried over, even if your employer offers a carryover for Healthcare FSA funds. Funds leftover at the end of the plan year, or if you leave your employer during the plan year, are forfeited. Plan accordingly to avoid waste.