

DEPENDENT DAYCARE FLEXIBLE SPENDING ACCOUNT

A Dependent Daycare Flexible Spending Account allows employees to pay for unreimbursed daycare costs on a pre-tax basis. At the beginning of the Plan Year, employees need to elect to have amounts withheld from their paycheck on a pre-tax basis. When they incur allowable expenses during the Plan Year, they can either use the debit card that is provided to them, or they can submit their allowable expenses for reimbursement. The amount available on their debit card and for reimbursement is limited to the amount that is withheld from their paycheck. **For 2026, the maximum amount that an employee is permitted to elect for a Plan Year is \$7,500 for married filing jointly or single (\$3,750 for married filing separately).**

The following are some of the general plan guidelines:

Each individual for whom an employee incurs an expense must be:

- A dependent under Age 13 whom the employee is entitled to claim as a dependent (or a child or other dependent under Age 13 whom an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce) on the employee's federal income tax return, or
- A spouse or other tax dependent (or child that an employee is supporting but is not entitled to claim as a dependent only because of a written declaration or decree of divorce or who is physically or mentally incapable of caring for himself or herself).

In order to qualify as an eligible expense, the expense must be incurred for the care of an employee's dependent described above, or for related household services, and are incurred to enable the employee to be gainfully employed.

If the expenses are incurred for services outside the employee's household, they must be incurred for the care of an eligible dependent. If the expenses are incurred for services inside the employee's household, they must be incurred for the care of an eligible dependent and are incurred for at least 8 hours per day.

Expenses may be eligible for reimbursement if they are incurred for services provided by a dependent care center (i.e. a facility that provides care for more than six individuals not residing at the facility). The center must comply with all applicable state and local laws and regulations.

The expenses must not be paid or payable to an employee's child who is under Age 19 at the end of the year in which the expenses are incurred.

The expenses may not be paid or payable to an individual for whom the employee or their spouse is entitled to a personal tax exemption as a dependent.

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