Pay for dependent care – and save!

Dependent Care Flexible Spending Account

Use pretax dollars to pay for dependent care — and save.

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You could save up to 40 percent on dependent care! It depends on your tax bracket and where you live.

Get help with dependent care bills

A Dependent Care Flexible Spending Account (FSA) can help make costs for dependent care easier to manage.

You may have dependent children who need day care so you can work. Or, you might have an elderly parent, or someone whom you claim as a dependent, living with you who needs help with self-care while you are at work.

If this is true for you, this type of FSA is for you. Plus, it will help you save on taxes, too.

Put money in and pay less in taxes

You direct part of your pay into a special account — the FSA. You can then use this money to reimburse yourself for certain dependent care expenses.

The money you put in your FSA is "pretax." This means it goes into your account before taxes are withheld. You pay less in taxes, so you have more income to use. In most cases, your FSA money is also exempt from state and local taxes. Check with your tax advisor for specifics.

Find out the terms and follow the rules

Eligible expenses

You can use the FSA only for care needed so that you and your spouse can work outside the home. Care expenses that are not work related, like care needed while you are at a wedding or other event, cannot be reimbursed.

Work-related expenses you can pay through this account include:

- Wages paid to a babysitter or a companion in or outside your home. The caregiver cannot be someone you declare as a dependent.
- Services of a day care center and/or nursery school. The center must comply with all state and local laws.
- Cost for care at facilities away from home, such as family day care or adult day care centers. The person getting care must also spend at least 8 hours a day in your home.

- Wages paid to a housekeeper who also acts as a caregiver.
- Services provided for both before- and after-school care. You must list these costs separately. Fees for tuition for kindergarten and higher education are not eligible.

Qualified persons

All eligible expenses must be for the care of a "qualifying person."

Qualified persons include:

- Your dependent children up to their 13th birthday.
- Any dependent living with you for more than half the year and who is physically or mentally incapable of self-care.
- Your spouse living with you for more than half the year and who is physically or mentally incapable of self-care.

Please refer to Internal Revenue Service (IRS) Publication 503 for the official definition. You can find it on their website at **www.irs.gov**.

Contribution limits

YOUR STATUS	MAXIMUM YOU CAN PUT IN FSA*
Married, file taxes as a couple	$5,000
Married, file taxes separately	$2,500 per spouse
Single	$5,000

*If you, or your spouse, earn less than these amounts, you can only contribute up to the amount you earn. Or if your spouse earns less, you have to use his or her income as the limit.

You cannot use this account if your spouse has no earned income for a plan year. The exception to this rule is if he or she is disabled or a full-time student for 5 months during the year.

Tax credit vs. FSA

You may already know you can claim a Child and Dependent Care Credit (CDCC) through the IRS. You can use it to deduct work-related dependent care expenses when you file your income tax return.

You can use both a dependent care FSA and claim the CDCC. You cannot claim the same expenses for both. If you plan to use both, you must first subtract the amount you have directed into your FSA from the expenses you use for the CDCC.

If you do use this type of FSA, you must complete IRS Form 2441 when you file your income taxes for the year. Form 2441 and instructions are available on the IRS website at **www.irs.gov**. You can find more details there about the CDCC, too.

Be careful deciding how much money you will need

Do not put too much money in your FSA. Put in only what you will need to cover your expenses. Any money left in the fund at the end of the year will be forfeited. You may have an extra two months and 15 days into the following fund year to use it. The timing depends on your plan design.

Does it affect other benefits?

Using this FSA means that less of your income will be taxed for Social Security. So, those benefits might be slightly less if you retire or become disabled.

Getting reimbursed from your account

Once you "incur" an expense, you can get reimbursed for it from your FSA. This means your qualified person just has to receive the service. You do not have to wait for the bill.

Only expenses incurred during your coverage period can be reimbursed. This time starts on or after the effective date of your FSA and runs through your plan year, plus a grace period if your plan has one.

You can get money from your FSA at least once per month. Your employer decides how often. You will get an Explanation of Payment (EOP) with each payment.

If you do not have enough money in your FSA to cover a claim, you will be sent only the amount available in your account. The rest will be reimbursed as more of your payroll deductions come in. This way, you have to submit a claim only once.

Ask your employer how to enroll!

Your employer will show you how to enroll in a dependent care FSA. In general, you will want to:

- **Estimate expenses** — Add up your dependent care costs from recent years. Think about any changes coming up. For example, marriage or the birth or adoption of a child could affect your expenses or eligibility.
- **Decide how much to contribute** — Decide how much of your salary you want to put in the FSA. This is your "election amount." It will be deducted automatically from your pay throughout the year and credited to your FSA.
- **Plan carefully** — You cannot change your election amount during the year unless you have an "election change event." Your plan must also allow these changes. Remember that funds left over in your account at the end of the year will not be returned to you. They also cannot be rolled over for the next year.

Enroll today so you can save tomorrow!

Election change events include:

> Marriage

> Divorce

> Birth or adoption of a child

> Start or end of spouse's employment

> Transition from part-time to full-time work, or from full- to part-time

> Unpaid leave of absence taken by employee or spouse

> Changing a care provider

> Having a large increase or decrease in provider payment.

Check with your company's benefits area for a full list of eligible election change events.

Get help online

Use our online tools to help you plan for and track your FSA.

- See how much you can save.
- Learn more about your FSA.
- Find a longer list of eligible expenses.

All you have to do is go to **www.aetnafsa.com**.

Once your FSA is up and running, you can track payments and usage online, too.

Just use our Aetna Navigator® website at **www.aetna.com.**

Dependent care FSA plans are administered by Aetna Life Insurance Company (Aetna).

This material is for informational purposes only. The information describes Aetna's Dependent Care Flexible Spending Account in general terms. Features of this plan may vary based on the specific terms established by your employer. Dependent Care FSA plans are governed by the rules of Sections 125 and 129 of the Internal Revenue Code and will be administered in accordance with those rules. Estimate fund amounts carefully. Unused funds will be forfeited either after the last day of the plan year or two months and 15 days into the following fund year, depending on your plan design. Eligible expenses may vary from employer to employer. In case of a conflict between your plan documents and the information in this website, the plan documents will govern. Please refer to your employer's Summary Plan Description for more information about your covered benefits. Information is believed to be accurate as of the production date; however, it is subject to change.

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