



Dependent Care FSA Plan Year 2020

TexFlex dependent care flexible spending account (FSA)

The dependent care FSA lets you set aside money on a pre-tax basis—for both you and your eligible dependents—the same way a health care FSA does, except it is limited to eligible out-of-pocket dependent care expenses.

Dependent care is more than just child care.

Although a large portion of those participating in a dependent care FSA use the funds for child care expenses, funds are also available for adult and elder day care. This would include care provided to a spouse or other tax dependent who resides in the house a minimum of eight hours a day and requires assistance with day-to-day living.

Contribution limits

Because dependent care FSA is a pre-tax benefit, the IRS limits the amount you can contribute to your account. The limits are determined each year by the IRS. The annual minimum contribution amount is \$180 and the annual maximum contribution amount is \$5000. With a dependent care FSA, you cannot access the full amount of your contribution at the beginning of the plan year. Funds need to build up in your account before you may use them.

How do I enroll?

All benefits-eligible active employees can enroll in, make changes to or cancel dependent care FSA accounts within 31 days of hire, during Summer Enrollment or within 31 days of a qualifying life event. Log in to your ERS account and elect the annual contribution amount you would like deducted from your paycheck monthly. Your annual contribution will be deducted before taxes and in equal amounts throughout the year.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act and IRS Notices 2020-29 allow for the following changes to the flexible spending accounts (FSA) for Plan Year 2020:

- FSA participants can make changes to their FSA elections without a qualifying life event (QLE) including decreasing and ending enrollment through August 31, 2020.
- Health care, limited-purpose and/or a dependent care FSA participants can use their Plan Year 2020 funds to pay for eligible expenses through December 31, 2020.
- The Runout Period is not changing and ends December 31, 2020.
- Over-the-counter (OTC) drugs and medicines no longer require a doctor's prescription in order to be paid for or reimbursed through an FSA.
- Menstrual care products are now eligible to be paid for or reimbursed through an FSA, HRA or HSA.

What if I don't use all of my dependent care FSA funds?

TexFlex provides a 2 1/2-month grace period for dependent care accounts. For plan year 2020, you will have until December 31, 2020 to submit your claim paperwork for money spent on dependent care by December 31, 2020.

What can I purchase with my dependent care FSA funds?

You can only purchase eligible out-of-pocket dependent care expenses as follows:

- adult day care expenses,
- expenses for a housekeeper whose duties include caring for an eligible dependent,
- child care (at a day care center, day camp, sports camp, nursery school or by a private sitter),
- before and after-school care (must be billed separately from tuition) and
- placement fee expenses and stipend for an au pair.

How can a dependent care FSA save me money?

A dependent care FSA lets you set money aside for eligible dependent care expenses before taxes are taken out of your paycheck, which lowers your taxable income.

Savings example

Annual Savings*	with TexFlex	Without TexFlex
Annual pay	\$50,000	\$50,000
TexFlex pre-tax contribution	(\$2,000)	\$0
Taxable income	\$48,000	\$50,000
Federal income, Social Security & Medicare taxes	(\$10,966)	(\$11,616)
After-tax dollars spent on eligible expenses	\$0	(\$2,000)
Real spendable income	\$37,034	\$36,384
Annual Savings	\$650	\$0

*Sample tax savings for a single taxpayer with no dependents. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

TexFlex participant support

TexFlex Customer Care:
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 TTY: 711
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 7 a.m. - 7 p.m. CT

Claims fax:
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DISCLAIMERS

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