



# Dependent Care Spending Accounts Frequently Asked Questions 2023 Plan Year

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## Section I: Introduction to the Dependent Care Spending Account

### 1. What is a dependent care spending account (DCSA)?

The DCSA is a tax-advantaged financial account that allows you to set aside a portion of earnings on a **pretax** basis to pay for qualified expenses incurred during the plan year. The DCSA does for dependent care expenses what the health care FSA does for health care expenses. Contributions are made pretax through payroll deductions and are not subject to federal and state income taxes or Social Security and Medicare withholdings. The IRS sets pretax contribution limits for DCSAs and enforces rules related to plan administration, enrollment, and status changes.

The DCSA covers any day care or dependent care expenses that allow you (and your spouse) to work, look for work, or be a full-time student. This includes expenses like:

- Before- and after-school care
- Day care
- Preschool
- Day camps
- Elder care

The DCSA requires that the dependent must live with you and be 12 years old or younger. Dependents age 13 or older may be eligible if they cannot physically or mentally care for themselves and require care while you're working.

Unlike the health care flexible spending accounts (FSAs) also offered by the State, the DCSA is a pay-as-you-go plan—the entire annual election amount is NOT available on the first day of the plan year.



## **2. What are the contribution limits for the DCSA?**

For the 2023 plan year, the maximum amounts that an employee can contribute to the DCSA is \$5,000, or \$2,500 if married and filing separately. *(Please note that it is the employee's responsibility to ensure that their dependent care spending account election is appropriate for their tax filing status.)*

DCSA contribution limits shown in this FAQ are set by the IRS and may change. Verify current maximums by visiting [www.employeebenefits.ri.gov](http://www.employeebenefits.ri.gov).

## **Section II: ASIFlex, Our DCSA Administrator**

### **1. Why are dependent flexible spending accounts now called dependent care spending accounts?**

The Office of Employee Benefits previously referred to dependent care spending accounts (DCSAs) as “dependent flexible spending accounts” (DFSAs). While DCSAs are similar to FSAs, they are not the same. This naming change is intended to reduce employee confusion among general health flexible spending accounts (FSAs), limited health flexible spending accounts (LFSAs), and dependent care spending accounts (DCSAs). Additionally, please note that ASIFlex, the State’s spending account administrator, refers to DCSAs as “dependent day care flexible spending accounts.”

### **2. Who is the State’s partner for administering the DCSA program?**

The State has partnered with ASIFlex to administer your DCSA. ASIFlex offers:

- Live help! You can speak with an experienced customer service representative every time you call.
- Extended servicing hours Monday through Saturday.
- Secure communications via email and text alerts, and reimbursements via direct deposit to your bank account.
- Multiple claim and reimbursement options, including mobile app, online, toll-free fax, and mail.
- Educational website at [www.ASIFlex.com](http://www.ASIFlex.com). Learn about eligible expenses; estimate expenses and calculate tax savings; and watch videos and link to IRS publications.
- Secure employee portal through which you can view your account statement and balance; submit claims; read messages; manage your personal settings for email, text alerts, and direct deposit; and chat with an ASIFlex representative.

### **3. How do I register my account on ASIFlex’s website?**

When you first enroll in a DCSA, you will receive a welcome letter from ASIFlex. When you have received the letter, go to [www.ASIFlex.com](http://www.ASIFlex.com), and click on the **Employee Login** tab. Click **Create an account**, and follow the online instructions. After you register, you can see your account statement and balance, submit claims, and sign up for email, text alerts, and direct deposit.



#### **4. How do I contact ASIFlex for customer service assistance?**

By phone at **800-659-3035**, Monday–Friday, 8 a.m.–8 p.m. ET, and 10 a.m.–2 p.m. ET on Saturday. By email at [asi@asiflex.com](mailto:asi@asiflex.com). Additional contact information is available on [www.ASIFlex.com](http://www.ASIFlex.com). Once registered online, you can also chat with customer service.

## **Section III: Eligibility and Enrollment**

### **1. What is the plan year?**

The annual plan year runs from January 1 to December 31.

### **2. Who is eligible to enroll?**

Any State employee who is in a nonseasonal position and is scheduled to work at least 20 hours per week.

### **3. When can I enroll?**

Eligible employees can enroll within 31 days of employment start date, during open enrollment, or if they have a qualified status change during the plan year.

### **4. How do I enroll?**

- You must enroll for your DCSA via [Workterra](http://Workterra), the State’s online enrollment system. Visit [www.employeebenefits.ri.gov/enrollment](http://www.employeebenefits.ri.gov/enrollment) for detailed instructions.
- Enrollments for new hires are processed after employees receive their first paycheck. Your per-pay-period deduction may be adjusted due to the timing of payroll processing.
- All enrollees will receive a welcome letter from ASIFlex with their confirmation of enrollment.

### **5. What is a status change?**

DCSA elections are fixed for the entire year, unless you experience a qualifying status change event. A status change is usually a life-changing event, such as marriage or birth of a child, where you are allowed to adjust your benefits election within 31 days of the event date.

The most common qualifying events applicable to DCSAs are:

- *Change in legal marital status.*
- *Change in number of dependents.* If your child no longer qualifies for dependent care because he or she turned 13, then that is a loss of a dependent under the DCSA but not under any other plans.
- *Change in employment status.* You may make a corresponding change to your DCSA and your future contribution amount if you, your spouse, or a dependent experiences an employment status change that affects eligibility under the State’s benefits programs or under your spouse’s or any dependent’s employer.
- *Change in provider.* You may make a corresponding change to your DCSA and your future contribution amount if you change dependent care providers.



- *Change in cost.* You may make a corresponding change to your DCSA and your future contribution amounts if your dependent care provider who is not your relative changes your costs significantly.

If you experience a qualifying status change, you can change your DCSA election via Workterra. Supporting documentation showing evidence of the occurrence of the status change is required and must be provided when applying for a new election. Upon approval of the status change, your election will be changed for the remainder of the plan year, beginning with the next pay period. Please see [www.employeebenefits.ri.gov/enrollment/status-change.php](http://www.employeebenefits.ri.gov/enrollment/status-change.php) for more information.

## Section IV: Using Your Dependent Care Spending Account

### 1. Whose expenses qualify under my DCSA?

Your work-related expenses must be for the care of one or more members of your home who are qualifying persons. You must provide over half of the qualifying person's support. The qualifying person cannot have income in excess of the federal exemption amount. A qualifying dependent is:

- Your qualifying child under the age of 13, who shares the same residence with you, or
- Your spouse or qualifying child or qualifying relative who is physically or mentally unable to care for himself or herself, who shares the same residence with you and has income less than the federal exemption amount.

If you are divorced, you must have physical custody of your child for over half of the year to be eligible for reimbursements through your DCSA. If custody is exactly equal, then neither parent can use the child care expenses. The parent who has more than 50% custody is eligible for the dependent care regardless of who claims the tax exemption. Physical or mental incapacity must be disabling. Persons who are not able to dress, clean, or feed themselves because of physical or mental problems are considered unable to care for themselves. Persons with mental defects who require constant attention to prevent them from injuring themselves or others are considered unable to care for themselves.

### 2. Where can I find a list of eligible expenses?

A [list of eligible expenses](#) is available on the ASIFlex website under the **Resources** tab. Please note that the list is updated frequently, as required by changing regulations. Also see IRS Publication 503, "Child and Dependent Care Expenses," on [www.ASIFlex.com](http://www.ASIFlex.com).

### 3. Does my dependent care provider have to be a licensed day care center?

No. They do not have to be licensed, unless they care for enough individuals to require licensing in your state. The provider must provide you with the company's tax ID number or his or her Social Security number, as this will be required when filing your federal income tax returns.



Additionally, the care provider can be a relative of yours (even if he or she lives in your home) as long as the provider is not a dependent. However, do not count any amounts you pay to:

- A dependent for whom you (or your spouse, if filing jointly) can claim as an exemption;
- Your child who was under age 19 at the end of the year, even if he or she was not your dependent;
- A person who was your spouse any time during the year; or
- The parent of your qualifying person if your qualifying person is your child and under age 13.

#### **4. Do kindergarten charges qualify for my DCSA?**

No. Expenses for education do not qualify for your DCSA. However, if you are charged for “after-care” for the portion of the day that your child attends the school that is charged for care and well-being, this charge does qualify for the DCSA. Your provider must provide you with support for the charges for the portion that is specifically for care and well-being.

#### **5. Can I claim dependent care expenses under my DCSA after my child turns 13 years old?**

Expenses for dependent care no longer qualify for the DCSA on the day your child turns age 13, unless your child is physically or mentally disabled and incapable of self-care. Persons who are not able to dress, clean or feed themselves because of physical or mental problems are considered unable to care for themselves. Persons with mental health challenges who require constant attention to prevent them from injuring themselves or others are considered unable to care for themselves. Care for dependents who are incapable of self-care qualifies for any age, as long as it is for care and well-being while you are working or looking for work.

#### **6. Do charges for food, transportation, activity fees, etc., qualify for reimbursement from my DCSA?**

No. Only charges for care and well-being in order for you to work or look for work qualify for your DCSA. Separately billed charges for food, transportation, activity fees, etc., do not qualify.

#### **7. If I pay my dependent care provider in advance of the services, can I file my claim when I pay?**

Yes and no. You may file claims for services provided in advance for the current month. For example, beginning July 1, you can submit a claim for day care services that will be incurred in the month of July. However, under that example, you would have to wait until August 1 to file a claim for reimbursement of expenses incurred in the month of August.

#### **8. Do summer camps that include an overnight stay qualify for my DCSA?**

No. The Internal Revenue Code disqualifies expenses that include overnight care. The charges cannot be prorated to include the portion that was for care during the day while you were working.

#### **9. Does summer school tuition qualify for my DCSA?**

No. The Internal Revenue Code does not allow the tax exemption on expenses incurred for education.



**10. Do soccer, baseball, football, gymnastics, ballet, etc., day camps qualify for my DCSA?**

If the primary purpose of these camps is for care and well-being for you (or you and your spouse if married) to be gainfully employed, they may qualify. If ASIFlex cannot independently verify the primary purpose of the camp, ASIFlex will request a statement that the primary purpose is for care and well-being and not for educational or instructional purposes. Summer school is considered educational and not eligible for reimbursement. Overnight camps are not eligible for reimbursement.

**11. How do I access my DCSA funds to pay for claims?**

You can access funds by submitting claims via your online account at [www.ASIFlex.com](http://www.ASIFlex.com), by using the ASIFlex mobile app, or by toll-free fax or mail. If you want to initiate a manual reimbursement request or you receive an email requesting that you substantiate an expense, you will need to provide ASIFlex an itemized statement from the provider for verification. You can scan and upload a copy of the documentation to your online account or directly through the ASIFlex mobile app. If you prefer to complete paper reimbursement request forms and mail or fax them to ASIFlex, you can download a claim form from the [Office of Employee Benefits website](#) or directly from [the ASIFlex website](#).

Reimbursements will be made to you within three business days following receipt of a complete claim, provided you have available funds in your account. Log in to your ASIFlex account to sign up for direct deposit (see question 12 below), as well as email and text alerts.

**12. How does the ASIFlex direct deposit feature work?**

When registering your account at [www.ASIFlex.com](http://www.ASIFlex.com), you should provide ASIFlex with your bank account information (ABA routing number and account number), and ASIFlex will direct deposit your reimbursement instead of sending you a check.

**13. What is ASIFlex automatic reimbursement, and how does it work?**

Automatic reimbursement is a paperless reimbursement option. When you file a claim, ASIFlex will automatically reimburse the expense from your DCSA. Choose this option if you have a regular expense on a recurring basis, for example, a day care provider who bills the same amount at regular intervals.

To take advantage of this feature, download and complete a claim form for each provider with recurring charges. Have the provider sign the form. Then, submit the form to start or stop automatic claims. You only need to submit the form once per year (one for each provider) to receive automatic reimbursements during the plan year. ASIFlex will automatically enter a claim for each month during the plan year, or until you request to stop the automatic claims.

The benefit of this option is that you do not need to submit recurring claims for the same amount each month. Simply submit the form once, and the reimbursement will be made to you at the end of each month as though you had submitted a claim. Claims are paid up to the amount of the monthly cost or the balance remaining in your DCSA. The funds will be paid by check or direct deposited if you have enrolled for that option (see question 12).



#### **14. What is ASIFlex recurring direct payment, and how does it work?**

ASIFlex recurring direct payment allows you to pay a provider without submitting a claim for every payment. This is a free service with a one-time initial setup between you, your provider, and ASIFlex. After setup, ASIFlex will pay your dependent care provider directly from your ASIFlex account on the schedule set by you and your dependent care provider. This option is best if you do not want to submit claims or wait for reimbursement of your dependent care services. ASIFlex will pay your provider(s) directly out of your DCSA up to the amount of the charge or the available balance in your account.

To set up a recurring direct payment, log in to your account at [www.ASIFlex.com](http://www.ASIFlex.com). Under **Participant Services**, click on **Schedule a Recurring Direct Payment**, and follow the instructions for each provider.

#### **15. How long do I have to submit claims for the prior year?**

At the end of each plan year, you have 90 days to submit documentation or claims you incurred during the plan year for reimbursement. This period of time is referred to as the “90-day claims run-out period.”

#### **16. What about forfeiture?**

All money contributed to a DCSA must be used to reimburse qualified expenses incurred during that plan year. Any amount left in a dependent care spending account at the end of the 90-day claims run-out period after a plan year ends is forfeited. The unused portion of your DCSA may not be paid to you in cash or other benefits, including transferring money to an FSA. To reduce the risk of forfeiture, it is critical for you to be conservative when choosing your annual election amount.

#### **17. Are there any fees associated with a DCSA?**

There are no fees to open and contribute to a DCSA.

#### **18. How will a wage garnishment affect my DCSA?**

If a writ garnishment (i.e., attachment as a percentage of disposable wages) is placed on your account, all benefits deductions are transferred to *post-tax*. Any deductions that are pretax only are stopped until the garnishment is fulfilled. DCSAs only exist as a pretax benefit. Therefore, because you are not making any contributions, you will only be able to access DCSA funds up to the amount you had already contributed before the garnishment was applied. When the garnishment is completed and DCSA contributions resume in the same plan year, you will be able to reimburse yourself for eligible expenses out of those newly contributed funds (in addition to any funds in your DCSA that had not already been reimbursed to you).

If a fixed-amount garnishment (e.g., \$100 per pay period) is placed on your account, pretax deductions remain, so long as there is enough pay to support the DCSA deduction. If there is not enough pay, then you will only be able to access DCSA funds up to the amount you had already contributed before the garnishment was applied. When the garnishment is completed and DCSA contributions resume in the same plan year, you will be able to reimburse yourself for eligible expenses out of those newly contributed funds (in addition to any funds in your DCSA that had not already been reimbursed to you).



**19. What happens to my DCSA if I go on an unpaid leave of absence from the workplace?**

When you go on an unpaid leave of absence, you will only be able to access DCSA funds up to the amount you had already contributed before your leave period began. When the leave period is completed and DCSA contributions resume in the same plan year, you will be able to reimburse yourself for eligible expenses out of those newly contributed funds (in addition to any funds in your DCSA that had not already been reimbursed to you). Expenses incurred during an unpaid leave of absence from the workplace are eligible for reimbursement. Upon your return to work, your payroll contributions will be adjusted to reflect your annual DCSA election amount, unless you initiate a qualifying event in Workterra requesting that your annual election amount be decreased.

**20. Can I enroll in a DCSA if I am on an unpaid leave of absence from the workplace?**

Employees on Leave Without Pay are not eligible to enroll.

**21. Does a DCSA affect the child care tax credit on my income tax return?**

You cannot claim a child care tax credit for amounts contributed to your DCSA. However, you may be able to claim a child care tax credit for any additional day care costs above the amount you contributed to the DCSA.

## **Section V: Dependent Care Spending Accounts and Retirement or Employment Termination**

**1. After I leave State service, will I be able to access funds I contributed to my DCSA prior to my retirement or employment termination?**

Yes and no. As a rule, DCSAs are only available for active employees, and your DCSA will be deactivated when your employment terminates. This means that you will no longer have access to the funds, which you contributed prior to your employment termination, to reimburse yourself for eligible expenses incurred after your employment termination. However, you would be able to access the funds, which you contributed prior to your employment termination, to reimburse yourself for eligible expenses incurred before your employment termination. Therefore, you should be careful about the amount you elect to contribute for the year, if you are thinking about retiring or otherwise leaving State service during the year.

**2. I'm enrolling in State-sponsored pre-65 retiree health coverage. Can I enroll in a DCSA for use in conjunction with my retiree coverage?**

No. DCSAs are only available for active employees.