

Taking Care of Our People

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

AUG. 3, 2023



THIS INITIATIVE ANNOUNCES THE DEFENSE DEPARTMENT'S INTENT TO OFFER SERVICE MEMBERS THE ABILITY TO CONTRIBUTE ANNUALLY UP TO \$5,000 IN PRETAX INCOME TO PAY FOR DEPENDENT CARE EXPENSES

FAST FACTS:

- › **WHAT IS IT?** Service members will be able to contribute up to \$5,000 per family per year in pretax income to pay for dependent care expenses (\$2,500 if married filing separate tax returns).
- › **WHAT DOES IT DO?** A Dependent Care Flexible Spending Account (DCFSA) may reduce the burden of child care costs by allowing service members to set aside pretax income to pay for preschool, day care, summer day camp and other eligible dependent care expenses. In a given year, after the plan year ends on Dec. 31, service members enrolled in a DCFSA have until March 15 of the following year to incur eligible expenses. Claims for expenses incurred must be submitted by April 30, the deadline for submitting claims from the previous plan year. Any funds remaining in the account after April 30 of the following year are forfeited.
- › **WHO IS ELIGIBLE?** Enrollment in the program will be open to all active component service members and Active Guard Reserve members on Title 10 orders. Qualifying expenses are for: 1) tax dependents who are children under the age of 13; or 2) a spouse or other tax dependent (regardless of age) who is mentally or physically incapable of self-care. DCFSAs are already available to the department's civilian employees.
- › **HOW DO I GET IT?** Eligible service members can enroll in DCFSA accounts at [FSAFEDS.com](https://www.fsafeds.com) during the Federal Benefits Open Season in mid-November through mid-December 2023 for the plan year starting on Jan. 1, 2024. Specific Federal Benefits Open Season dates will be announced by the Office of Personnel Management (OPM). DOD civilian employees are currently eligible to enroll in a DCFSA and may do so prior to the next open season if they have a qualifying life event. More information is available at: <https://www.fsafeds.com/explore/dcfsa>.
- › **ARE THERE ANY FEES?** The Office of Personnel Management charges a small administrative fee for each beneficiary. By law, the services must pay this fee; service members will not be charged this administrative fee.
- › **SHOULD EVERYONE WITH KIDS GET IT? SHOULD I GET IT?** Service members and the department's civilian employees should make informed decisions, based on their individual needs, concerning whether and how to take advantage of this benefit. The DOD launched a robust educational campaign to educate potential participants on the DCFSA benefit and the financial and tax consequences of participation. Campaign artifacts, including fact sheets, FAQs and videos, are available at <https://finred.usalearning.gov/DCFSA>. Service members and spouses can connect with financial planning professionals and tax consultants for free consultations to help their families make an informed decision on participation in a DCFSA. Learn more at <https://finred.usalearning.gov/DCFSA> and <https://www.militaryonesource.mil/benefits/dependent-fsa/>.