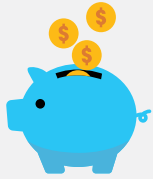


# Taking Care of Our People

## DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

MARCH 21, 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. Future phases of implementation are planned to include reserve component service members. 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. DCFSA's are already available to the Department's civilian employees.
- › **HOW DO I GET IT?** The Department is aiming to make this benefit available to eligible service members as soon as feasible, and perhaps during the next open season, November to December 2023. If the program is not ready to be implemented by then, there will be a special enrollment period for service members to contribute in the 2024 tax year. The DOD and military services will provide service members with additional information on the program later this year.
- › **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. Later this year, the Under Secretary of Defense for Personnel and Readiness will work with the military departments to conduct a robust educational campaign to ensure eligible participants understand this benefit and the financial and tax consequences of participation. 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>