

Dependent Care Account (DCA)

A Dependent Care Account (DCA) is an employee-funded account that can be used to pay for custodial care of eligible dependents while the employee is at work.

Features of a DCA:

- ◆ Pre-tax money, contributed through payroll deductions for employer and employee
- ◆ Contributions are “Use It or Lose It” for the employee
- ◆ Maximum contribution per household is \$5,000 if you are single, or you are married and filing a joint tax return, or \$2,500 if you are married, filing separate tax returns (per IRS guidelines)
- ◆ Elections can only be changed if there is a qualifying event

Qualifying Dependents:

- ◆ A child that is under the age of 13, and a tax dependent of the employee
- ◆ Spouse or tax dependent that is physically or mentally incapable of self-care



Eligibility:

- ◆ Dependent care expenses must be for care while the employee is at work
- ◆ Must be for custodial care only
- ◆ Custodial care does not include expenses for food, clothing, or education
- ◆ If a daycare provides meals in addition to childcare and couldn't be separated from the cost of care, it is considered an eligible expense
- ◆ Tuition, summer school and classes that are primarily educational in nature, as well as babysitters during non-work hours are not eligible

On-Hold Claims:

A DCA is a pay-as-you-go account, which means that funds become available to employees as they are contributed via payroll deductions. It is possible that employees will incur daycare expenses before the funding is available in their DCA. Rather than denying the amount not yet available, Choice Strategies has taken the extra step to provide “On-Hold” claims.

In this case, when the employee submits a manual claim for reimbursement, Choice Strategies will reimburse the employee the current available balance in their DCA, and will place the remaining claim amount “on-hold”. The remaining on-hold claim amount will be automatically reimbursed to the employee as contributions hit their DCA.

**Have Questions?
Contact Us!**

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