

Child and Adult Day Care Spending Account

Eligible Expenses

ORNL Benefits

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The Child and Adult Day Care Flexible Spending Account (FSA) helps you pay for child care services which make it possible for you and your spouse (if applicable) to work. Under certain circumstances it also may be used to help pay for the care of elderly parents, or a disabled spouse or dependent. To be eligible, you and your spouse, if married, must be at work during the time your eligible dependent receives care.

You must meet one of the following eligibility criteria:

- You are unmarried
- Your spouse works
- Your spouse is a full-time student
- Your spouse is seeking work
- Your spouse is disabled (incapable of self-care)
- You are divorced or legally separated and have custody of your child

Whose expenses are eligible?

- You may be reimbursed for childcare for your child under age 13, who lives with you, and who is also your tax dependent.
- Disabled spouses, and children and others older than 13 may also satisfy the requirements in certain situations. **To determine if an individual qualifies, call the Ceridian Benefits Flexible Spending Accounts Customer Service Center at 1-877-799-8820.**

Expenses may be reimbursed for services provided:

- Inside or outside your home by anyone other than your spouse, a person you list as your dependent for income tax purposes or one of your children under the age of 19
- In a dependent care center or a child care center. (If the center cares for more than six children, it must comply with all applicable state and local regulations)
- By a housekeeper whose services include, in part, providing care for a qualifying individual
- Through child or adult day care; through nursery, preschool, after-school, or summer day camp programs. Taxes you pay on wages for eligible dependent care can also be reimbursed.
- By a provider who doesn't intend to claim the income as earnings. Provider's Social Security or Tax ID number and payment/services details must be included with your federal income tax return on Form 2441, and as a result, your provider may have to pay taxes on that income.

Ineligible expenses:

- Dependent care for a child 13 or over, overnight camp, baby-sitting that is not work-related, schooling in kindergarten and higher grades, long-term care services. All submitted expenses are reviewed for eligibility according to Internal Revenue Code Sections 125 and 129.
- **For questions about the eligibility of an expense, call the Ceridian Benefits FSA Customer Service Center at 1-877-799-8820.**

Examples of possible limitations to your contribution limit include:

- If your spouse is a full-time student for at least five months of the year or is physically or mentally incapable of self-care, your spouse will be deemed to have earned income of \$250 a month (\$500 if you have two or more dependents) but not to exceed the limits of \$5,000 (\$2,500 if married).
- You will be taxed on any reimbursements that exceed your earned income or your spouse's earned income, whichever is lower.
- Eligible expenses that are reimbursed under the Child and Adult Day Care Spending Account cannot be taken into account for the Dependent Care Tax Credit.
- If you are married and file separate tax returns, you will be taxed on reimbursements from the Child and Adult Day Care Spending Account that exceed \$2,500.

Qualifying Changes in Status

Listed below are the changes in status for which a change in a benefit election under a Child and Adult Day Care Spending Account may be permitted

1. Events that change your legal marital status, including marriage, death of spouse, divorce, legal separation, and annulment.
2. Events that change your number of dependents, including birth, death, adoption, and placement for adoption. (Note: Gaining or losing a dependent who is not a tax dependent such as a parent, domestic partner, or child of a domestic partner will not be considered an allowable event for an election change).
3. Events that change your employment status or the employment status of your spouse or dependents that effect your eligibility for benefits including a termination or commencement of employment, a strike or lockout, a commencement of or return from an unpaid leave of absence or a change in worksite.
4. Events that cause your dependent to satisfy or cease to satisfy eligibility requirements for coverage on account of attainment of age, student status, or any similar circumstances. A change in your place of residence, the place of residence of your spouse or dependent that effect eligibility for benefits under the plan.

A change in a benefit election must be consistent with the status change and must meet one of the following:

1. The change in status event affects eligibility for coverage under the benefit plan with respect to which you are requesting an election change.
2. The change in status event affects eligibility of expenses described in IRC Section 129 with respect to the Child and Adult Day Care Spending Account.

If you have any questions about the eligibility of an expense, call FlexServ FSA Claim Service at 1-877-799-8820. You may also want to read IRS Publication 503, *Child and Dependent Care Expenses*.
