YOUR HEALTHCARE OPTIONS

FREQUENTLY ASKED QUESTIONS

DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

Families often need help with child and elder care. A Dependent Care Flexible Spending Account (DCFSA) lets you save on dependent care expenses using pre-tax dollars.[1] You can spend your dependent care account funds on a wide range of care for eligible members of your family. Some of the expenses covered include adult day care, child day care, babysitting, before- and after-school programs, and sick child care.

General

Q Why should I enroll in a DCFSA?

With a DCFSA, you use pre-tax dollars to pay qualified out-of-pocket dependent care expenses. The money you contribute to a DCFSA is not subject to payroll taxes, so you end up paying less in taxes and taking home more of your paycheck.

- Reduce your overall tax burden[2] – funds are withdrawn from your paycheck for deposit into your account before taxes are deducted. For example, someone in the 30% tax bracket who sets aside $1,000 annually will save $300.
- Take advantage of several convenient payment and reimbursement options.

Q What qualifies as dependent care?

Eligible expenses are daycare expenses for eligible dependents that are incurred so that a single parent or both married parents can work. To qualify, a single parent or both married parents must be employed, or the spouse must be a full-time student.

If you're married and you file a joint return, or you file a single or head-of-household return, the annual IRS limit is $7,500. If you're married and file separate returns, you can each elect $3,750 for the calendar year.

Eligible dependents include:

- Children under age 13 who are claimed as a dependent for tax purposes
- Care of a disabled spouse or disabled dependent of any age

Ineligible expenses:

- Costs already claimed as a dependent care tax credit on your income tax return
- Nursing home, respite care or other residential care centers
- Nighttime babysitting expenses that are not work related
- Expenses while absent from work for more than two weeks at a time
- Costs paid to your own dependents, under age 19, who are caring for your dependents
- Expenses paid for schooling for kindergarten or higher

You can spend your dependent care account funds on a wide range of care for eligible members of your family.

Contributions

Q How much can I contribute to my DCFSA?

Your election may not exceed the maximum amount specified in Section 129 of the Internal Revenue Code. Currently, the maximum annual amount is $7,500 per year ($3,750 each if you are married and file separate returns). Your maximum allocation may not exceed the earned income limitation. If you are single, the earned income limitation is your salary (excluding your contributions to the plan). If you are married, the earned income limitation is the lesser between your salary (excluding your contributions to the plan) or your spouse's salary.

Q What if my spouse participates in a DCFSA?

Contribution limits are based on the IRS limits outlined on the previous page. Please note you may not "double-dip" expenses, meaning expenses reimbursed under your DCFSA may not be reimbursed under your spouse's DCFSA and vice versa.

Q Can I change the amount I contribute to my DCFSA during the year?

The amount you contribute to your DCFSA cannot be changed during the year unless you experience a change in status or a change in the cost or coverage of services.[3] As determined by the IRS, a change in status is an event that causes your dependent to meet or no longer meet eligibility requirements.

Eligible changes in status include:

- Change in legal marital status
- Change in number of dependents due to birth, adoption or death
- Change in employment status
- Change in cost or coverage charges

Qualified Dependents

Q Who qualifies as a dependent?

A qualifying dependent is defined by the IRS as:

- Your qualifying child who is your dependent and who was under age 13 when the care was provided
- Your spouse who was not physically or mentally able to care for himself or herself and lived with you for more than half the year
- A person who was not physically or mentally able to care for himself or herself, lived with you for more than half the year, and either was your dependent; or would have been your dependent except that he or she received a gross income of $3,900 or more, filed a joint tax return, or you (or your spouse if filing jointly) could be claimed as a dependent on someone else's tax return

Q If my child turns 13 this year, can I use the DCFSA for the whole year?

No, you may only submit claims for reimbursement for expenses incurred before your child reaches the age of 13.

Q My child is over age 13, has special needs, and is considered disabled. Can I still use my DCFSA to pay for his or her care?

Yes, the IRS allows that a dependent who is not physically or mentally able to care for himself or herself and lived with you for more than half the year qualifies. Since the dependent is over age 13, when submitting the claim on the PNC BeneFit Plus portal, select "Adult" under the category and "Adult Daycare" under the type of expense.

Q Are there special circumstances for divorced or separated parents?

If you are divorced or separated from your spouse and are a parent, IRS guidelines state that even if you cannot claim your child as a dependent, he or she is treated as a qualifying person if:

- The child was under age 13 or was not physically or mentally able to care for himself or herself
- The child received over half of his or her support during the calendar year from one or both parents who are divorced or legally separated under a divorce or separate maintenance decree, or are separated under a written separation agreement, or lived apart at all times during the last six months of the calendar year
- The child was in the custody of one or both parents for more than half the year
- You were the child's custodial parent

The "custodial parent" is the parent with whom the child lived for the greater number of nights during the past calendar year. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. The noncustodial parent cannot treat the child as a qualifying person even if that parent is entitled to claim the child as a dependent under the special rules for a child of divorced or separated parents.

Check with your legal or tax advisor to see if special rules apply to you that would enable your child to be claimed by the noncustodial parent or by both parents.

Expenses

Q What if my eligible dependent care expenses during the plan year are less than the annual amount I have elected?

All money contributed to a DCFSA must be used to reimburse qualified expenses incurred during that plan year.

The unused portion of your DCFSA may not be paid to you in cash or other benefits, including transferring money between FSAs. Funds not used to reimburse eligible expenses by the end of the plan year are forfeited.

Q What are my payment or reimbursement options?

PNC makes it as easy as possible to use your DCFSA. You can pay for eligible expenses in two ways:

- Pay for the expense yourself: If your expenses are unpredictable or if you don't have sufficient funds in your account when it's time to pay for dependent care expenses, you can pay for the qualified expense from another source, and then submit a claim and be reimbursed via direct deposit to your personal bank account or by check.
  - You can submit your dependent care claim for reimbursement through the PNC BeneFit Plus portal, the PNC BeneFit Plus mobile application, or by mailing or faxing a Dependent Care Form to the PNC BeneFit Plus Service Center.[4]
- Pay with your PNC BeneFit Plus debit card: Pay for your dependent care expenses with your PNC BeneFit Plus debit card. Please note you can only pay up to the available balance in your account. It is also important to save your dependent care receipts and/or invoice as it may be required to fully substantiate your claim.

Q Do I have access to my entire DCFSA election amount at the beginning of the year?

No, you will only have access to DCFSA funds that have been deducted from your paycheck each pay period.

Q What happens if my claim amount is greater than the balance in my DCFSA?

If your claim amount that you submit is more than what you have in your DCFSA, you will be reimbursed up to the amount that is in your account, and the rest of your claim will be held until your account is funded. At that time, PNC BeneFit Plus will automatically reimburse you for the rest of your claim.

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Q Do I need to submit a claim request each month for my dependent care expenses?

Automatic dependent care enables participants to be automatically reimbursed for dependent care expenses by filling out one form instead of filing multiple claims throughout your plan year.

Automatic dependent care works in one of two ways:

1. If the cost of care per month *meets or exceeds* your monthly payroll deduction, reimbursement will be issued as payroll deductions to your DCFSA.
2. If the cost of care is *less* than your monthly payroll deductions, reimbursement will be made once per month at the end of the month.

To set up automatic dependent care reimbursement, complete the FSA Automatic Dependent Care Request Form. To download the form, log in to your account and visit the Tools and Support tab.

The FSA Automatic Dependent Care Request Form needs to be completed each plan year. Changes can be made at any time by submitting an updated FSA Automatic Dependent Care Request Form.

Automatic dependent care enables participants to be automatically reimbursed for dependent care expenses by filling out one form instead of filing multiple claims throughout your plan year.

Please consult with a tax advisor to determine whether the FSA plan or the dependent care tax credit is more beneficial in your individual case. Generally, the higher your income, the more beneficial it is to participate in the DCFSA.

Q Is tuition an eligible dependent care expense?

No, fees associated with kindergarten as well as tuition for children in first grade and above are not eligible for reimbursement under a DCFSA. Expenses related to before- and after-school care or nursery school expenses are eligible if the care is primarily custodial in nature.

Q If I participate in the DCFSA, will I still be able to claim the household and dependent care credit on my federal income tax return?

You cannot claim a dependent care tax credit for amounts received under an employer's FSA plan. Please consult with a tax advisor to determine whether the FSA plan or the dependent care tax credit is more beneficial in your individual case. Generally, the higher your income, the more beneficial it is to participate in the DCFSA.

Ready to Help

For more information on your Flexible Spending Account options, please visit **pnc.com/pncbenefitplus**, call PNC BeneFit Plus Consumer Services at **844-356-9993** and/or contact your employer.

Eligibility information based on IRS Publication 503 available at http://www.irs.gov/pub/irs-pdf/p503.pdf unless otherwise noted.

1 PNC does not provide legal, tax or accounting advice. Consult your tax advisor about tax benefits applicable to Flexible Spending Accounts.

2 Your tax savings will vary based on your specific tax bracket and state of residence. See the IRS Federal Tax Rates on www.irs.gov to calculate your own savings rate.

3 Please consult IRS Regulations regarding Section 125 plans at https://www.irs.gov/pub/irs-regs/td8878.pdf for reference.

4 Standard message and data rates may apply.

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