



# Dependent Care FSA: What You Need to Know

I recently became a single parent of a child who has high-functioning autism. Most of us know that the cost of raising a child with special needs or autism can cost a lot more than the average parent. However, the expenses of a single parent can be double the cost when using a single income.

As a financial professional, I had to take a step back and review whether I was utilizing the most out of the financial resources that were available to me to lessen the burden of out-of-pocket costs. The demands of my profession would sometimes require me to work more than a typical 8-hour day. I realized that I needed to hire a caregiver to help me take care of my son when I am not available.

Some local organizations offer respite care for children of special needs, and there are small companies that provide respite care services of children with special needs. I discovered that I was going to need these services. But how was I going to pay?

When the opportunity became available to participate in the Dependent Care FSA program, I decided to do a little bit more digging in on this benefit even though my son had aged out of the requirement at age 13.

## What is a Dependent Care FSA?

The Dependent Care FSA is a pre-taxed benefit. The funds that are designated toward a Dependent Care FSA contribution is not subject to payroll taxes, so you will end up paying less taxes depending on your contribution amount for that year. There are contribution limits for this program depending on your tax filing status. These funds are used to pay for eligible expenses such as preschool, before/after school camps, summer camps, and even elder daycare.

I asked myself, if these funds could be used for elder care, couldn't they be used for special needs care as well no matter what age? My child is medically diagnosed with autism spectrum disorder and other learning impairments. Is this considered a disability? The answer was, "yes."

What I learned is that if a qualifying dependent is disabled and the disability prevents him/her from mentally being able to take care of themselves independently, a Dependent Care FSA can cover the costs of expenses that would allow the accountholder or spouse to work. I called my payroll provider to confirm eligibility and realized a Dependent Care FSA was the right choice for me. I am now able to designate these funds for respite care and unique summer camps using tax-free dollars.

Please take some time to review your benefits from your employer to confirm if you are eligible. This is a great benefit that some of us can take advantage of.



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Resources:

<https://www.fsafeds.com/explore/dcfesa>

<https://www.wageworks.com/employees/dependent-care-fsa/dependent-care-flexible-spending-account/>

<https://fsastore.com/FSA-Eligibility-List/D/Disabled-Dependent-Care-Expenses-Medical-E241.aspx>

<https://www.irs.gov/publications/p503>

<https://www.ebcflex.com/Education/ComplianceBuzz/tabid/1140/ArticleID/41/Autism-Health-Care-Reform-Health-Care-FSAs-and-HRAs.aspx>

<https://fsastore.com/learn/living-well/autism-treatment-costs-fsa>