



Dependent Care Flexible Spending Accounts (DCFSA) Fact Sheet

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BLUF

NAVADMIN 222/24 announces eligible Active Component (AC) and Training and Administration of the Reserves (TAR) Sailors may enroll or re-enroll in a Dependent Care Flexible Spending Account (DCFSA) during federal open season, from November 11 – December 9, 2024. Sailors with a DCFSA can set aside tax-free earnings to pay for eligible dependent care services, such as preschool, day camp, before or after-school programs, and child or adult daycare. Contributions are directly deposited from their pay into a DCFSA before taxes are deducted, reducing a member's taxable income. Participation will not automatically carry over from year to year.

Who needs to know?

- AC and TAR Sailors with eligible dependent(s)
- Chiefs Mess
- Command Triads

What you need to know – key points

- Sailors can contribute money into a tax-free spending account, to be used for eligible dependent care services, such as preschool, day camp, before or after-school programs, and child or adult daycare.
- Sailors must direct deposit funds from their pay into a DCFSA. The government does not match contributions.
- DCFSA reduces a Sailor's taxable income because contributions are deposited before taxes are deducted.
- To be eligible for enrollment in a DCFSA, Sailors must be active component or Training and Administration of the Reserve (TAR) Sailors, and have eligible dependent care expenses that allow the member and spouse to work, look for work or attend school full-time. For complete information on eligibility, see <https://finred.usalearning.gov/benefits/dcfsa>
- Members may contribute a minimum of \$100 and a maximum of \$5,000 per household per calendar year, depending on their tax filing status.
- The DCFSA operates on a calendar year basis, starting January 1 through December 31.
- Eligible Sailors may enroll or re-enroll in a DCFSA for the 2025 plan year during federal open season from mid-November 2024 through mid-December 2024. Enrollment will be processed by the Federal Flexible Spending Account Program at <https://www.fsafeds.gov/explore/usmdcfsa>
- Sailors can also enroll at any time if they have a qualifying life event such as the birth or adoption of a child, a divorce, or a permanent change of station.

Sample POD/POW Notes

- ATTENTION: Do you currently have a child under 13? Effective January 1, 2025, Active Component (AC) and Training and Administration of the Reserves (TAR) Sailors are eligible for the Dependent Care Flexible Spending Account (DCFSA). The enrollment period runs from November 11 – December 9, 2024. The DCFSA takes money from your paycheck and puts it into a separate account, tax-free. This may save eligible AC and TAR Sailors money on childcare in the long-run, since income placed in the DCFSA is not taxed and can be withdrawn to cover what is taxable. Have questions about your eligibility? Visit <https://finred.usalearning.gov/Benefits/DCFSA/FAQ>.

FAQ

Q. Who is eligible for this program?

A. AC and TAR Sailors who have eligible dependent(s) and use qualifying eligible dependent care services to allow Sailors and their spouses the flexibility to work, look for work or attend school full-time.



Q. What is the benefit of joining this program?

A. Money placed into the DCFSA comes straight from a Sailor's paycheck and is deposited into the DCFSA, which is tax-free. Sailors may notice a small increase in their net pay throughout the year due to a decrease in the amount of taxes deducted from the pay that they deposit into the DCFSA.

Q. When can I join and when will the program go into effect?

A. The enrollment period for the DCFSA is November 11 – December 9, 2024. The program will go into effect on January 1, 2025. The period runs from January-December and re-enrollment is required every year. Sailors who are not eligible right now but become eligible at a later date, can opt-in for the next period of enrollment.

Q. Does my enrollment carry over from year to year?

A. No, your enrollment will not carry over from year to year. It is not automatic. Every year during the enrollment period, you must choose to re-enroll. Your elections during open season are effective for the benefit period (also called a plan year) that follows.

Q. Where does this money come from?

A. Your money from your paycheck is placed into the DCFSA, which is tax-free. Your paycheck will appear smaller as the money will be allocated to your DCFSA to pay for your covered dependent care expenses. You could receive tax savings.

Q. Who should I talk with about this decision if I have questions?

A. You can speak with a financial planning professional at your local Fleet and Family Support Center. The professional can assist you with budget and cash flow planning, which can help you understand and take advantage of the DCFSA benefit. You might also choose to reach out to a tax consultant who can help you examine your family's tax situation. You and your family can receive free tax consultations from MilTax via Military OneSource.

Q. Can funds be carried over from year to year?

A. No, DCFSA accounts do not permit the carryover of funds to the next plan year. The DCFSA plan year mirrors the tax year, January 1 through December 31. After the plan year ends on December 31st, you will have until March 15 of the following year to incur eligible expenses. Your claims for expenses incurred must be submitted by April 30th; 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.**

Helpful links:

<https://finred.usalearning.gov/assets/downloads/FINRED-DCFSA-MilFamiliesSpouses-FS.pdf>

<https://www.fsafeds.gov/explore/usmdcfsa>

<https://finred.usalearning.gov/benefits/dcfsa>

<https://www.militaryonesource.mil/benefits/dependent-fsa/>

<https://finred.usalearning.gov/assets/downloads/FINRED-DCFSAClaims101-G.pdf>