

# For Your Benefit: Dependent Daycare FSAs

## Transcript of Podcast

### **SPEAKERS**

Nathan Moore, Elizabeth Feola, Nick Bessette and Brian Schmidt

**Nathan Moore** 00:00

Elizabeth Hey, how's it going?

00:01

Hey, Nathan, hold on one second, I am just submitting my latest daycare received to Charlotte Snyder.

**Nathan Moore** 00:08

I remember that; my kids are a little older now. But yeah, we used to do that when my kids had after school care.

00:14

It's such a saving. So, you know, it takes up just a little bit of time once a month, but I'm just really glad that I do it.

\*intro music\*

**Nathan Moore** 00:23

Welcome to UVA for your benefit. It's that time of year again, when we ask you to think about your benefits, and today we're talking about dependence. Child Care and elder care is really expensive. But just like you can set aside money in a tax-free Health Savings Account, you can also contribute to a tax-free Dependent Daycare Flexible Spending Account that you can use to pay for daycare, eldercare, and other dependents. Well, to help us understand the ins and outs, we're joined today by Nick Bessette and Brian Schmidt. They are specialists at UVA Human Resources.

**Elizabeth Feola** 00:51

Let's start off with some important definitions of what we are actually going to talk about today.

\*transition music\*

What is an FSA?

**Brian Schmidt** 01:00

So, an FSA is a Flexible Spending Account. Today we're talking about the Dependent Daycare Flexible Spending Account, which would allow you to go ahead and set aside some pre-tax dollars to care for your dependents that you have or any elderly dependents.

**Nic Bessette** 01:16

It's important to note also that you don't have to be on any other benefits at UVA to set aside funds for the Dependent Daycare Flexible Spending Account. You don't have to be on the UVA Health Plan, dental or vision. You can do this separately during Open Enrollment.

**Elizabeth Feola** 01:32

Can you define for us what counts as a dependent?

**Nic Bessette** 01:36

Your dependents are any children under the age of 13; dependents who are disabled; or your adult parents who you care for.

**Elizabeth Feola** 01:47

What does it mean for something to be pre-tax?

**Nic Bessette** 01:52

That means that when you get paid, the amount that you're contributing comes off the top of your paycheck before your taxes are withheld. The maximum you can contribute each year is \$5,000. If that were to go into your paycheck, you'd be taxed on about \$1,500 of it roughly, give or take, depending on how many exemptions you have, and all those other details. So you're saving about \$1,500 dollars a year by having that \$5,000 go directly into a Dependent Daycare account.

**Nathan Moore** 02:23

Nick and Brian, can you give us a summary of what a Dependent Daycare FSA does specifically?

**Nic Bessette** 02:29

So, your Dependent Daycare Flexible Spending Account can assist to pay for qualified services while you work. So if you're working and you're paying someone to watch your children or your adult parents who you care for, then you can get reimbursed through the Dependent Daycare Flexible Spending Account. You can go anywhere from \$120 a year to \$5,000 a year. And you want to be really careful and make sure that it's expenses you know you're going to use, because of the Dependent Daycare Flexible Spending Account is "use or lose," just like a health care Flexible Spending Account. So you want to be careful and look at what you spend on childcare or eldercare throughout the year. So if you know that your child's going to camp in the summer, and you spend \$500 in the summer for that, that's what you want to set aside for your Dependent Daycare Flexible Spending Account. If you're like Elizabeth, and you have an infant whose care is about \$255 a week, you're going to max it out at the \$5,000. Those build up every paycheck. And at the end of the month, you can submit your receipts to be reimbursed from Chard Snyder or you can use your Benny card. I don't think they call it a Benny card anymore, but you can use your Flexible Spending Account card from Chard Snyder and swipe it at your daycare facility.

**Nathan Moore** 03:51

Who's eligible to open up a Dependent Daycare FSA account?

**Nic Bessette** 03:56

So, it's going to be any salaried employees who work at least 20 hours a week, anyone who's benefits-eligible with the University, basically, or with the University of Virginia Medical Center; and again, you do not have to be on our health plan, or any other benefits, to elect this one benefit.

**Nathan Moore** 04:15

So, you mentioned earlier about Open Enrollment; how do you how do you sign up for Dependent Daycare FSA?

**Brian Schmidt** 04:21

You would go ahead and sign up for the Dependent Daycare FSA through Workday during the Open Enrollment period this year. You get a task through Workday and go into your Open Enrollment event. And it would be one of the line items listed as available for you to select.

**Nathan Moore** 04:39

So, if your name is not Elizabeth, and you don't host a podcast about benefits, why should other people look into using this?

**Nic Bessette** 04:47

So, I would highly encourage it just for the tax savings themselves and knowing you're budgeting ahead for those funds, so they come out of your paycheck pre-tax and you already know that that money is there every pay period or every month to pay for those expenses.

**Elizabeth Feola** 05:06

It's not like you are saving money monthly, you have to kind of look at it annually. I pay \$1,200 for daycare on my credit card and I get reimbursed by Charles Snyder \$285 but over a year, I am saving over \$1,000.

**Nathan Moore** 05:27

So when my kids were smaller, they just regular elementary school aftercare for a while. And you know, we didn't sock away \$5,000, but it was still nice to sock away even \$700 - \$800 a year, which helps really defray some of those costs. You don't feel it so much.

**Elizabeth Feola** 05:42

If somebody said during Open Enrollment, I want to set aside \$5,000, the maximum amount from my paycheck next year, and then in like March, they decided they actually did not want their child going to daycare or they did not want somebody coming to take care of their elderly parent. They are forfeiting a decent amount of this money.

**Brian Schmidt** 06:04

Yes. So let's say that you went ahead and set up your FSA, but did not calculate correctly or you're having cost overruns with your daycare center, then basically, the risk is that at the end of the year, that money is non-reimbursable, it needs to be used, and you run the risk of actually losing any leftover money that's in that account.

**Nic Bessette** 06:25

There's always going to be qualified life events that allow you to change benefits such as your Dependent Daycare Flexible Spending Account. But for the most part, if it's just a decision on your behalf, that you just don't want to do this anymore, that's not a qualified life event. So that's something that you'd want to keep in mind as well. I think one of the other risks is that most of the people that we serve tend to think of their health care Flexible Spending Account, which is front-loaded at the start of the year, whereas the Dependent Daycare Flexible Spending Account is not. Those contributions go in per pay period, and you can't use them until they hit your Dependent Daycare account.

**Brian Schmidt** 07:05

Chard Snyder does allow us a grace period, and it's March 15th of the following year, so you're going to want to make sure that you go ahead and utilize those funds by that date. Or else you risk having the complete forfeiture of anything in your account.

**Nathan Moore** 07:23

I want to ask, right now a lot of UVA staff are working from home because of the COVID-19 pandemic. Has anything about this benefit changed because of COVID?

**Nic Bessette** 07:33

The IRS did make some exceptions to those qualified mid-year life event rules. I would definitely follow the HR website because all of those COVID-related changes, the upkeep is on a daily basis. Our benefits team has been really great to make sure that as the changes came in, they were updated immediately. If you'd like to see the changes that have occurred with COVID, I would definitely go to [hr.virginia.edu](http://hr.virginia.edu) and click on the COVID links.

**Elizabeth Feola** 08:01

Did COVID count as a life event?

**Nic Bessette** 08:04

So COVID didn't necessarily count as a life event. But what the IRS allowed us to do this year was if you stopped childcare because now you were teleworking, and you set aside \$5,000 for the year but now you started teleworking in March and your child didn't go to daycare anymore, the IRS made some allowances for employees to stop their accounts right where they were, what they had already contributed, and not have to contribute that full \$5,000. On a regular basis, non-COVID related, if Elizabeth, say your spouse was home, taking care of your child while you were working, and then your spouse went to work and your childcare needs changed based off of that, that is a qualified life event, and you can initiate a Dependent Daycare account based off of that.

**Elizabeth Feola** 08:55

People's working situations right now are obviously very fluid. People can feel free to reach out to HR at [AskHR@virginia.edu](mailto:AskHR@virginia.edu) to talk about this with you all, and to see if they do qualify.

**Brian Schmidt** 09:10

Absolutely. Go ahead and reach out via the email. Or if you'd like to speak with someone directly, give us a call at 434-243-3344.

\*music\*

**Nathan Moore** 09:23

All right, well, that's a good time to take a short break. Let's come back in just a moment with the voice mailbox, and see who's called us with some questions.

\*music\*

You're listening to UVA For Your Benefit, a service of the University of Virginia and podcasting on the Virginia audio collective. To find out more about anything you hear on the podcast today, please visit [hr.virginia.edu](http://hr.virginia.edu). Listening to this podcast is great in all, but really, you'll need to visit that site to set up everything you need for Flexible Spending Accounts. That's [hr.virginia.edu](http://hr.virginia.edu). All right, welcome back. This is UVA For Your Benefit, it's time to check our voicemail. Alright, let's go to the first call.

**Caller 1** 10:11

My partner and I are both going to be working from home this fall because of COVID-19. But we can't get our work done and homeschool our three kids. If we hire a sitter to watch our kids and tutor them during the day while we're working from home, can we pay for that with our Dependent Daycare FSA?

**Nic Bessette** 10:31

Actually, you can. So, your Dependent Daycare FSA can be used for any care provided in your home while you are working. So as long as the sitter or tutor is coming to your home, and they are the main source of supervision for your child, that is reimbursable with the Dependent Daycare FSA. What doesn't apply to the Dependent Daycare FSA is if you were still the main source of supervision and that care so to speak, or the tutoring happened through a virtual setting. But as long as you are not the main source of supervision and there is another adult in your home watching your children, that is reimbursable under the Dependent Daycare Flexible Spending Account.

**Nathan Moore** 11:19

Alright, let's go get the next voicemail, check up on the next question.

**Caller 2** 11:24

My babysitter tore his ACL, and he'll be out for at least a month. I'm scrambling to find childcare for my two toddlers. Any suggestions?

**Brian Schmidt** 11:23

I would suggest in this situation that you go ahead and check out our Bright Horizons program on our HR website. Bright Horizons is a vendor that UVA has partnered with to help provide and help find childcare in an emergency or when you might need it, you know, because of the aforementioned

instance where the sitter was out and unable to care for the child. You can go ahead and sign up for that online through our HR website. There is a maximum amount of 15 days now.

**Nic Bessette** 12:02

And you can use your Dependent Daycare Flexible Spending Account for those expenses. So anything Bright Horizons-related or even if you use Sitter City, if you've already used all of your Bright Horizons backup days and you're going to use their Sitter City vendor, then you can use your Dependent Daycare Flexible Spending Account to reimburse those.

**Elizabeth Feola** 12:21

So, Bright Horizons is a benefit that UVA provides staff to find backup care at a discounted rate, correct? UVA ends up paying part of that cost?

**Nic Bessette** 12:37

Yeah, they're subsidized. And so, if it's center-based care, it's \$15 per day, per child, or \$25 per family per day. If it's an in-home provider, if your children aren't of center-based age, typically it will be an in-home provider. And those are \$6 per hour, flat rate.

**Nathan Moore** 12:57

Yes, that's considerably subsidized from market rate.

**Nic Bessette** 13:01

Absolutely. They do from infant to eldercare. So, there are some elder care facilities that they also negotiate with and inspect to make sure they're of a good quality, and that they would take care of your elders if that's what you needed them for. When you've used all 15 of your days, Bright Horizons also has something called additional Family Services. So again, you'd go through their website or you'd go through the [Backup Care](#) page on the HR website, and click on the additional Family Services and you'd follow those links through. That helps you set up an account with Sitter City for free. And Sitter City basically allows you to sort through local providers in the area where you live, who have already had their background checks. You can view their background check, select your sitter, negotiate a rate with them, and then you would pay that.

**Elizabeth Feola** 13:56

Alright, let's go to the next voicemail.

**Caller 3** 14:00

My dad lives with us, and his dementia just keeps getting worse and worse. He keeps forgetting where he is, and getting lost in the neighborhood. Can I use my dependent FSA to help cover costs for his care, and does he need to be listed as a dependent on my taxes?

**Nic Bessette** 14:17

Yeah, absolutely, you can use the Dependent Daycare Flexible Spending Account to pay for elder care expenses as well, while you're working, of course. Typically, it would be someone that you would want to be able to prove that you care for and that you cover their expenses. So yes, you'd want to make

sure that they were covered on your taxes as a dependent. I would also recommend in this case that you would contact [FEAP](#) because they can provide you direct information in the community for support and resources that might also be able to ease some of the stress involved with caring for an elderly family member.

**Nathan Moore** 14:57

You mentioned FEAP, tell me a little bit more about what FEAP is. We haven't covered it, although I know we've talked about it in some other podcasts here.

**Brian Schmidt** 15:04

FEAP is the Faculty and Employee Assistance Program here at UVA. Basically, what they are is a confidential service where you can go ahead and speak with anyone personally, in full confidence, about any personal issues, issues caring for a parent, any legal issues that you may want some advice on. And they go ahead and have many community resources they can point you to in that situation.

**Elizabeth Feola** 15:29

Alright, I think we've got one more voicemail.

**Caller 4** 15:32

I'm trying to remember how much money I have in my Dependent Daycare FSA. How do I check that?

**Nic Bessette** 15:38

So, what you would do is you'd either call Chard Snyder, which is the number on the back of your benefits card, or you could log into your account, click on forgot password, and reset your password. And right there, you'd have full access to your account to see what you have expensed and what you have for a balance.

**Elizabeth Feola** 15:57

If somebody knows that they're going to be spending \$1,000 a month in some sort of daycare, you would highly recommend that they go ahead and set up a Dependent Daycare FSA during Open Enrollment?

**Brian Schmidt** 16:10

We would recommend it if you think you're going to be spending that much per month. I would definitely recommend it from a personal standpoint, just because the money is pre-tax. You're going to have to pay that much either way, so you may as well go ahead and get the tax break on it.

\*closing music\*

**Nathan Moore** 16:25

All right. Well, many thanks to our guests today, UVA Human Resources specialists Nick Bessette and Brian Schmidt.

**Elizabeth Feola** 16:32

This episode was produced by Mary Garner McGee, and I am Elizabeth Feola.

**Nathan Moore** 16:37

And I'm Nathan Moore. Go to [hr.virginia.edu](http://hr.virginia.edu) to schedule an appointment with somebody about all this. You can also find more information [hr.virginia.edu](http://hr.virginia.edu).

**Elizabeth Feola** 16:47

You can also email [AskHR@virginia.edu](mailto:AskHR@virginia.edu) to speak to somebody directly.

\*closing music\*