



FREQUENTLY ASKED QUESTIONS

Dependent Care Expense Account (DCEA)



GENERAL QUESTIONS

1. WHAT IS A DEPENDENT CARE EXPENSE ACCOUNT (DCEA)?

A Dependent Care Expense Account (DCEA) is an account that allows pre-tax payroll dollars to be used for payment of eligible child or adult dependent daycare expenses not covered or reimbursed by any other source. You may use this account for dependent care expenses associated with a qualified person. A Qualified Person is someone who spends at least eight hours per day in your home and is one of the following:

- Your dependent who was under age 13 when the care was provided and for whom you can claim an exemption. (If divorced or separated, see special regulations in IRS Publication 503.)
- A spouse or dependent who is physically or mentally incapable of self-care and for whom you can claim an exemption.

The dependent care expense must be incurred to enable you to be gainfully employed or to look for work. If you are married, the dependent care must also enable your spouse to work, look for work or attend school full-time (or your spouse must be physically or mentally incapable of self-care).

2. WHAT IS THE MAXIMUM AMOUNT THAT CAN BE CONTRIBUTED TO MY DCEA?

The maximum amount allowed under a Dependent Care Expense Account is a household limit set by the IRS for a calendar year. The current amount is limited to the smallest of the following amounts:

- \$5,000 if single or if married and filing jointly
- \$2,500 if married and filing separately
- The participant's earned income
- The earned income of the participant's spouse

3. WHICH IS MORE ADVANTAGEOUS, HAVING A DEPENDENT CARE EXPENSE ACCOUNT OR CLAIMING THE CHILD CARE TAX CREDIT ON MY INCOME TAX RETURN?

Your particular tax situation will affect which option makes more sense. Generally, those with lower income levels (under \$30,000 annually) will see a greater advantage to using the Child and Dependent Care Credit. As your income level increases, the advantages become greater under the Dependent Care Expense Account.

In some cases, you may be able to take advantage of both. If you have two or more eligible dependents receiving eligible care, you may set aside up to \$5,000 in a Dependent Care Expense Account and claim \$1,000 of the Child and Dependent Care Credit (for a total in eligible child care expenses of \$6,000).

See the Dependent Care Worksheet on BenefitResource.com/state-of-minnesota to see an example comparison.

NOTE: There is no definite line at which a person should take the credit vs. contribute to the DCEA; it is all based on your individual situation. You should consult your tax advisor to determine the best choice for you.

4. WILL I HAVE TO REPORT CONTRIBUTIONS TO MY DCEA ON MY TAX RETURN?

Box 10 on your W-2 form should indicate the total annual amount of your DCEA deductions. When completing your tax return, you will need to attach a Child and Dependent Care Expenses form (Form 2441 for a 1040 return; Schedule A for a 1040A return). You should contact a tax preparer for more details.

5. WHEN WILL THERE BE FUNDS IN MY ACCOUNT?

Funds will be available in your account as they are deposited from each paycheck. For the 2024 plan year, the first paycheck is January 12, 2024.

6. HOW CAN I LEARN MY ACCOUNT BALANCE?

Check your balance using one of the following methods:

- Login to BRIWEB or BRIMOBILE to see your account balance
- Sign up for email or text account alerts through BRWEB
- Call Benefit Resource Participant Services, (800) 300-1672



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ELIGIBLE DAY CARE EXPENSES

7. WHAT'S ELIGIBLE UNDER A DCEA?

Eligible expenses include adult day care, before and after school care, child day care, in-home dependent care, and nursery school. A DCEA *cannot* be used for medical care, education, meals, diapers, etc.

See the Dependent Care Worksheet on [BenefitResource.com/state-of-minnesota](https://www.benefitresource.com/state-of-minnesota) for additional examples of reimbursable DCEA expenses.

8. WHERE CAN DAY CARE SERVICES BE PROVIDED?

The services may be provided in your home or another location. However, they may not be provided by someone who is your minor child or dependent for income tax purposes (e.g. an older child).

9. ARE CAMPS ELIGIBLE?

Only day camps for qualified persons are eligible; overnight camps are not eligible.

10. IS KINDERGARTEN REIMBURSABLE FROM A DEPENDENT CARE EXPENSE ACCOUNT?

No. The IRS considers Kindergarten primarily educational in nature. Therefore, it is not an eligible expense for reimbursement from a DCEA.

NOTE: Summer school, private school tuition payments, and tutoring programs are also considered education and are not eligible for reimbursement.

11. CAN I USE A DCEA TO PAY FOR A BABYSITTER IN MY HOME?

Yes. The care from a babysitter can be claimed as long as it was for a qualifying person, you received earned income, and it allowed you to work or look for work. The services may be provided by a relative as long as the relative is not the participant's child under 19 years of age and is not someone who can be claimed on the participant's (or spouse's) federal tax return as a dependent.

When submitting a Dependent Care receipt for care from a babysitter, you are required to provide the babysitter's name and address. If a receipt is not available, please complete the Dependent Care Receipt form found under Reimbursement Forms at [BenefitResource.com/state-of-minnesota](https://www.benefitresource.com/state-of-minnesota) and submit it along with the completed claim form.

For tax filing purposes, you are required to provide the day care provider's name, address and taxpayer identification number. In cases where the care provider is an individual, the taxpayer identification number is their social security number.

12. ARE EXPENSES AT A DAY CARE CENTER ELIGIBLE UNDER A DCEA?

Yes, as long as the care meets the IRS definition of an eligible dependent care service. If the provider is a day care center which regularly provides care for more than 6 people, the center must comply with state and local laws and regulations.

13. MY DAY CARE PROVIDER CHARGES ME A FEE FOR TRANSPORTING MY CHILD FROM SCHOOL TO THE DAY CARE LOCATION. IS THIS FEE REIMBURSABLE FROM MY DCEA?

Transportation expenses that are provided for the qualifying individual to go from one place to where the care is given are eligible for reimbursement from a DCEA as long as the care giver is providing the transportation.

14. ARE APPLICATION FEES, AGENCY FEES AND DEPOSITS PAID FOR THE CARE OF A QUALIFIED INDIVIDUAL ELIGIBLE FOR REIMBURSEMENT UNDER A DCEA?

These expenses may be deemed eligible for reimbursement if and only if they are required to obtain the care and if the care is actually provided. Therefore, a claim for this type of fee/deposit should not be submitted until the care associated with the expense begins. Forfeited fees are not considered to be for the care of the individual and are not reimbursable.

15. ARE DAY CARE EXPENSES FOR AN ELDERLY PARENT ELIGIBLE UNDER A DCEA?

If an elderly parent lives with a participant and relies on that person for at least 50% of their support, then the DCEA may be used for day care expenses. However, the care must be necessary to allow the participant to work and cannot be custodial nursing care. Also, if the participant is married, the care must be necessary because the spouse also works, is looking for work, or is a full-time student.



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CLAIMS REIMBURSEMENT

16. HOW DO I SUBMIT AN EXPENSE FOR REIMBURSEMENT?

After a service is provided, you will need to submit a completed claim with supporting documentation to Benefit Resource. You can do this in one of the following ways:

- The BRIMOBILE app allows mobile device users to submit claims on-the-go.
- Log into BRIWEB to submit an online claim. Complete your claim form, then either upload it to Benefit Resource or print it so you can mail it to Benefit Resource.
- Complete a paper claim form and fax or mail it to Benefit Resource.

The Claim Form is available at BenefitResource.com/state-of-minnesota.

17. WHAT SUPPORTING DOCUMENTATION DO I NEED TO SUBMIT WITH MY COMPLETED CLAIM FOR REIMBURSEMENT FROM MY DEPENDENT CARE EXPENSE ACCOUNT?

Acceptable supporting documentation for a Dependent Care Expense Account claim must include the following information:

- Type of service provided
- Date(s) the service was provided
- Name of dependent for whom service was provided
- Provider of the service
- Your out-of-pocket expense for the service

If you do not receive an itemized receipt with the above items, you can have your provider complete the Dependent Care Receipt form available on BenefitResource.com/state-of-minnesota.

18. HOW LONG WILL IT TAKE TO RECEIVE REIMBURSEMENT FOR MY CLAIM?

Claim reimbursements are processed every day. Please allow 5-7 business days to receive your reimbursement. To receive your funds faster, sign-up for direct deposit through BRIWEB.

19. HOW DO I SET-UP DIRECT DEPOSIT FOR REIMBURSEMENTS?

You can set-up direct deposit by logging into your account on BRIWEB. Navigate to the Profile section. Enter the bank account and routing number in the Direct Deposit section.

NOTE: It may take up to 10 days for the reimbursement to appear in your account. Please note, any pending reimbursements may be paid by check. Watch your account and mail to confirm!

20. CAN I SUBMIT A DEPENDENT CARE CLAIM BEFORE A SERVICE IS PROVIDED IF I HAVE ALREADY PAID FOR IT?

No, you need to wait until after a Dependent Care service has been provided before submitting your claim. For example, if you pay a summer day camp registration in March but the day camp will be held in July, the claim for reimbursement of the March registration fee cannot be submitted until the end of July.

21. IF I PAY MY DAYCARE CENTER THE SAME AMOUNT EVERY SINGLE WEEK, CAN I AUTOMATICALLY RECEIVE REIMBURSEMENT FROM MY DEPENDENT CARE ACCOUNT WITHOUT SUBMITTING A CLAIM EVERY WEEK?

Since eligible Dependent Care services cannot be claimed until after the service has been provided, reimbursements cannot be automatically generated to you. You can submit claims weekly or accumulate claims and submit several weeks at a time (as long as the services have already been provided).

22. WHAT HAPPENS IF THE CASH BALANCE IN MY DEPENDENT CARE EXPENSE ACCOUNT IS LESS THAN THE AMOUNT OF AN ELIGIBLE CLAIM THAT I SUBMIT?

Your claim will be reimbursed up to the cash balance available in your DCEA. You will be reimbursed for the remaining amount once additional funds are deposited into your DCEA.