



Dependent Care Flexible Spending Accounts (DCFSA) Fact Sheet

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BLUF

NAVADMIN 270/23 announces the implementation of Dependent Care Flexible Spending Accounts (DCFSA) for active duty component Sailors. DCFSA helps Sailors 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 pay into a DCFSA before taxes are deducted, reducing a member's taxable income.

Who needs to know?

- Active duty component Sailors with an eligible dependent
- 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 on active duty or be reservists serving on Title 10 orders, 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 1.
- Eligible Sailors may enroll in a DCFSA for the 2024 plan year during Federal Open Season from Nov. 13, 2023, through Dec. 11, 2023. Enrollment will be processed by the Federal Flexible Spending Account Program at <https://fsafeds.com/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 Jan. 1, 2024, active duty component Sailors are eligible for the Dependent Care Flexible Spending Account (DCFSA). The enrollment period runs from Nov. 13, 2023, through Dec. 11, 2023. The DCFSA takes money from your paycheck and puts it into a separate account, tax-free. This will save service members money on childcare in the long-run, since that income isn't taxable. Have questions about your eligibility? Visit <https://finred.usalearning.gov/Benefits/DCFSA.FAQ>



FAQ

Q. Who is eligible for this program?

A. Active duty component Sailors who have an eligible dependent and use eligible dependent care services to allow them 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 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 their pay.

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

A. The enrollment period for the DCFSA is Nov. 13, 2023, through Dec. 11, 2023. The program will go into effect on Jan. 1, 2024. The period runs from January-December and re-enrollment is required every year. Sailors who are not eligible right now but become eligible are able to opt-in for the next period of enrollment.

Q. Where does this money come from?

A. Money placed into the DCFSA comes straight from a Sailor's paycheck into the DCFSA, which is tax-free. The Sailor's paycheck will be smaller as the money will be placed in another account to help pay for covered expenses. The DCFSA provides tax savings and helps Sailors plan for covered costs.

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

A. A financial planning professional can assist with budget and cash flow planning to enable Sailors to best take advantage of the DCFSA benefit. A tax consultant can help Sailors examine their family's tax situation and how a DCFSA might benefit them. Sailors and their families have access to free tax consultation 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, Jan. 1 through Dec. 31. After the plan year ends on Dec. 31, enrollees in a DCFSA have until March 15 of the following year to incur eligible expenses. Claims for expenses incurred must be submitted by April 30, 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://download.militaryonesource.mil/12038/MOS/Factsheets/tcop/TCOP-Factsheet-DCFSA.pdf>

<https://fsafeds.com/explore/usmdcfsa>

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

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