Medical FSA and Dependent Care FSA

Contribution limits & IRS regulations

The IRS sets the maximum dollar amount you can elect and contribute to a medical flexible spending account (medical FSA) and dependent care FSA. The FSA annual contribution limit is:

Medical FSA - $3,300

Dependent Care FSA - $7,500 per family or $3,750 if filing separately

Medical FSA

Once you elect, all of your medical FSA dollars are available for you to use the very first day of the plan year. For example, if you elect to contribute $1,200 to your medical FSA, your contributions will be deducted evenly across all of your paychecks for the year, but you have access to all $1,200 on Day 1! You can use your funds for expenses incurred by you, your spouse or eligible dependents.

Dependent care FSA

The dependent care FSA allows you to use the funds in your account as you contribute to the dependent care FSA from your paycheck. After each payroll contribution has been made, those funds are applied to your account and available for reimbursement. This is different from a medical FSA because you cannot use all of the funds Day 1.

Use-or-lose

Don't forget to spend your FSA dollars. If you have not used all of your FSA dollars before the end of the plan year, you will forfeit any money left in your account. (Check with your employer to confirm how many days you have to submit claims for reimbursement after the plan year ends.)

Changing your FSA election

During open enrollment, you can elect an FSA and determine how much you want to contribute. In order to make changes after open enrollment, you need to experience a qualifying life event.

Qualifying life events for any FSA:

- Change in marital status
- Change in the number of dependents
- Increase due to birth, adoption or marriage
- Decrease due to death, divorce or loss of eligibility
- Gain or loss of eligibility due to a change in participant, spouse or dependent employment status

Additional dependent care FSA qualifying life events include:

Change in daycare providers

- Child turning age 13
- Increase or decrease in the cost of qualifying day care expenses
- Judgement, decree or order requiring a change in coverage

If you experience a qualifying life event, contact your employer to make changes to your election.

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