

IMPLEMENTATION OF THE DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT PROGRAM FOR MILITARY PERSONNEL

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SUBJ/IMPLEMENTATION OF THE DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT (DCFSA) PROGRAM FOR MILITARY PERSONNEL//

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REF/B/MSGID: DOC/EO 14100/9JUN23//

NARR/REFERENCE A IS THE SECRETARY OF DEFENSE MEMORANDUM "STRENGTHENING OUR SUPPORT TO SERVICE MEMBERS AND THEIR FAMILIES." REF B IS EXECUTIVE ORDER 14100 "EXECUTIVE ORDER ON ADVANCING ECONOMIC SECURITY FOR MILITARY AND VETERAN SPOUSES, CAREGIVERS, AND SURVIVORS."//

GENTEXT/REMARKS/1. Purpose. This MARADMIN announces the implementation of the Dependent Care Federal Flexible Spending Account (DCFSA) Program for active duty and active reserve Marines.

2. Background. Reference (a) directed the Department of Defense (DoD) to offer DCFsAs to military personnel. Reference (b) directed DCFsAs be offered by 1 January 2024. A DCFSA is a pre-tax benefit account used to pay for eligible dependent care services, such as preschool, summer day camp, before or after school programs, and child or adult daycare.

3. Eligibility. To be eligible for enrollment in the DCFSA Program, Marines must be on active duty or active reserve with an expectation of being on active duty no less than six months of the effective calendar year. The Internal Revenue Service (IRS) defines eligible dependents as anyone the Marine claims on their federal income tax return who is under age 13, or a spouse or adult relative who is physically or mentally incapable of self-care and lives in the Marine's home for more than half of the tax year.

4. Enrollment period. Enrollment in the DCFSA Program must be completed through the Federal Flexible Spending Account Program website at <https://www.fsafeds.com> during the open season period in late 2023 and in subsequent years. Marines can also enroll following a qualifying life event, such as birth or adoption of a child. Depending on the Marine's tax filing status, eligible Marines may contribute up to a maximum of \$5,000.00 per year based upon the IRS annual contribution limit.

4.a. Enrollment or changes within the DCFSA Program may occur outside of the annual open season period if a Marine experiences a qualifying life event (QLE) as described within the <https://www.fsafeds.com> website. A QLE typically includes changes in employment status for your spouse, change in legal marital status, change in the number of dependents (birth, adoption, or death of a dependent), and change in a dependent's eligibility.

4.b. Upon enrollment, funds will automatically be withdrawn by allotment from the Marine's biweekly paycheck, for example, 15 January 2024, for deposit into the established flex spending account (FSA). The funds contributed to a DCFSA are not subject to payroll taxes. It is extremely important for Marines

to plan and budget accordingly when deciding to participate in the DCFSA Program, as this program utilizes a reimbursement method. The Marine pays all dependent care costs up front and subsequently submits a request for reimbursement from the DCFSA for qualifying costs.

4.c. Once a Marine contributes to their FSA account, the Marine can only use the available balance within the DCFSA to pay for eligible dependent care expenses. For example: A Marine chooses to contribute \$5,000.00 over the next 24 pay periods. The bi-weekly DCFSA allotment is \$208.33. In this example, the Marine pays their daycare provider \$500.00 every two weeks. On 15 January the DCFSA allotment begins reducing the Marine's income by \$208.33. The Marine continues to have the obligation of paying the daycare provider \$500.00. Upon retaining a receipt for services rendered, the Marine can then submit a claim for reimbursement of the day care expenses paid on 15 January. The Marine made an allotment of \$208.33 to their DCFSA on 15 January. Upon approval of the qualifying childcare expense, the Federal Flexible Spending Account Program (FSAFEDS) will process the claim and reimburse the Marine up to the available funds balance within the DCFSA, which in this example is \$208.33. When the Marine's next bi-weekly allotment is received, FSAFEDS will release an additional \$208.33 from the previous claim, without the Marine having to complete an additional claim form. This automatic payment will continue until the claim amount of \$500.00 is obtained. The Marine will be required to submit a claim with a receipt for every occasion in which they incur a qualifying daycare expense. Marines must fully understand that daycare expenses cannot be reimbursed until services are provided. In other words, pre-paid daycare expenses, or expenses paid in advance, are not authorized.

4.d. Ineligible dependent care expenses include, but are not limited to, school tuition expenses (kindergarten and above), services provided by one of your dependents, overnight camps, and night-time babysitting (unless the Marine works nights).

4.e. This is a "use or lose" benefit. Marines that participate in the DCFSA Program must submit all claims for expenses incurred by 30 April, the deadline for submitting claims from the previous plan year. Any remaining funds in the DCFSA will be forfeited after that date. The plan year is 1 January through 31 December with a grace period extending to 15 March. DCFSA participants will not be allowed to carry over funds from one year to the next, regardless of the circumstances.

5. Planning. Marines must carefully estimate their dependent care expenses prior to electing to participate in the DCFSA Program. To assist Marines and their families, the Dependent Care FSA calculator located at <https://www.fsafeds.com/support/savingscalculators/dcfsa> should be used to determine an annual election amount that is appropriate for the Marine and their family.

6. Account Management. Marines can manage all aspects of their DCFSA through their FSAFEDS online account at <https://www.fsafeds.com> or by downloading the FSAFEDS application to their personal mobile device.

7. Administration. Marines desiring to continue participation in the DCFSA Program must re-enroll each year during open season. Enrollment does not carry forward from year to year.

8. DCFSA Tools. To assist commanders and Marines, the federal government and DoD have online resources available at <https://www.fsafeds.com> and <https://www.militaryonesource.mil>. Marines can also contact FSAFEDS directly toll free at 877-372-3337; overseas participant Marines can call toll free at +1 650-577-5294. For assistance in understanding the individual impacts to a Marine's budget, please contact your local installation Personal Financial Manager (PFM).

9. This MARADMIN is applicable to active duty and active reserve only.

10. Release authorized by Lieutenant General James F. Glynn, Deputy Commandant for Manpower and Reserve Affairs.