

Back-Up Care Reimbursement Account

What is the Employee Benefit?

The Back-Up Care Reimbursement Account offers employees peace of mind when they face unexpected dependent care challenges. Employers can fund this account to help employees secure and pay for temporary care for their dependents, young and old, when regular care falls through or when new care needs arise that will exceed what can be paid for through a traditional Dependent Care FSA.

Things to Know:

Plan Design	Employers can set the guidelines for their account in their plan design. <i>Example:</i> Set the dollar amount for contributions to each participating employee for the plan year, when they will make the funds available to their employees, and the eligibility and enrollment requirements.
Eligible Expenses	In-home or out-of-home care services for dependents.
Limits	Employers can set any limit they want for the plan year such as a maximum amount that can be reimbursed to an employee for the year.
Eligibility Requirements	<ul style="list-style-type: none"> Any employee is eligible to utilize this benefit account. Employer may choose to designate eligibility by an employee class, such as part-time or full-time status.
Funding	Employer funded
Enrollment	Enroll all employees at once at beginning of plan year, or on a case-by-case basis at any time throughout the year.
Disbursements	<ul style="list-style-type: none"> Verify the request meets eligibility requirements before approving reimbursement. Reimbursement payment to the employee can be used for any purchase or expense.
Tax Benefit	<ul style="list-style-type: none"> Employer contributions are tax deductible as a business expense. Employee reimbursement funds are generally received as taxable income.

Do your participants need help finding back-up care or primary child care? Consider sharing these resources:

- www.care.com
- www.urbansitter.com
- www.4nannies.com
- www.enannysource.com
- www.nannynetwork.com
- Local University Job Boards e.g. <https://jobs.wisc.edu/>
- Local non-profit organizations listing group or family child care e.g. <https://www.4-c.org/>
- www.nannynetwork.com
- International Nanny Association at <https://nanny.org/>
- A state-by-state map of licensed child care programs that remain open during COVID-19 can be found here: <https://www.childcareaware.org/resources/map>



Eligible Childcare Providers (recommended that Employers share with DC-FSA Participant(s)): While all eligible expenses for a Dependent Care FSA still apply during this time for otherwise eligible DC-FSA participants, we'd like to highlight the eligible expense of a "Household Employee" such as a babysitter, nanny, or non-tax dependent family members. A Household Employee is defined as an individual who is paid to provide a service within their employer's residence.

Household Employee Earning **less than \$2,200**



- Social Security and Medicare taxes (part of payroll taxes) apply to the wages of household employees paid \$2,200 or more in cash in 2020. A Household Employee would be required to share their social security number with the household employer to be disclose on the parent's tax return to claim as a Dependent Care FSA eligible expense. Dependent care providers have independent income tax reporting responsibilities with respect to payment received for services rendered.

Household Employee Earning **more than \$2,200**

- Although wages above \$2,200 require the filing and reporting of payroll taxes (roughly 8% above wage), assuming the household employee is not an independent contractor or other definitional exceptions, the child care expenses are now eligible to save 30% of taxable income up to the DC-FSA maximum election amount.
- Our recommended Payroll Service includes BASIC Payroll and more information can be found at <https://www.basiconline.com/our-services/payroll/>.
 - IRS & State Resources include:
 - A licensed childcare provider requirements and exemptions vary by state, but an example of Wisconsin's Child Care Regulation Information includes: <https://dcf.wisconsin.gov/ccregulation>
 - IRS Publication 926 Household Employers Guide Tax Guide 2020: <https://www.irs.gov/pub/irs-pdf/p926.pdf>
 - IRS Instructions for Form 2441 Child & Dep. Care Expenses: <https://www.irs.gov/pub/irs-pdf/i2441.pdf>
 - IRS Publication 503 for Child & Dependent Care Expenses: <https://www.irs.gov/pub/irs-pdf/p503.pdf>

Additional Resources

We want to help! You don't need to be a TASC customer to call our hotline or download our helpful documents.

General questions on this benefit	Want to administer this account yourself	Want guidance for your benefits TPA?	Want to have TASC handle this benefit for you?
Call our Special Forces COVID-19 hotline:  Call 1-833-433-1002	Download our helpful How-To document: Get Started.	Share our How-To document with your administrator: Get Started.	Contact us to do all or part of this work effort for you:  1-888-595-2261, or Get Started.



EMERGENCY RESPONSE BENEFITS

UNIVERSAL BENEFIT ACCOUNT®

Why TASC?

For more than 40 years, TASC has been a leader, an innovator, and a partner of employers committed to ensuring the health, wealth and well-being of their employees and their employees' families and community. TASC was a pioneer in assisting sole-proprietor farmers and small businesses save billions in tax dollars through the adoption of health reimbursement plans; challenging many ill-informed IRS auditors, accountants, and naysayers along the way. TASC, through FlexSystem, brought the idea of a Cafeteria Plans to large and small businesses; challenging the notion that such plans were burdensome, complicated and difficult to administer.

There from the beginning of Section 125, TASC has brought its knowledge and expertise forward with the idea that together we can improve lives of many, strengthen our communities, and make benefits feel like benefits. TASC understands that each employers circumstance is different. TASC offers its guidance based upon the wealth of its experience as an employer and as a benefits administrator. It is not legal or tax advice and should not be taken as such but is offered to prompt knowledgeable inquiry of your plan professionals and provoke thoughtful plan decision making.

TASC provides its clients with an audit guarantee with respect to serviced tax advantaged accounts. Subject to certain conditions and restrictions, this guarantee provides that in the event a client suffers an adverse finding by the IRS or Department of Labor, despite following TASC's plans and procedures, resulting in interest charges and/or assessed penalties, such interest and penalties will be covered by the guarantee.