

# TSB Dependent Care Spending Account

## GRACE PERIOD FAQ



HUMAN RESOURCES

**IMPORTANT:** Special rules and extensions apply to employees with 2020 TSB Dependent Care accounts. See the [IU Benefits Updates Related to COVID-19 page](#) for details.

### What is the TSB Dependent (Day/Evening) Care Spending Account?

This account allows you to set aside tax-free money for qualified day/evening care expenses which enable you and your spouse to work. Expenses must be for eligible dependents, including your children under age 13 and other qualifying tax dependents.

### What is a grace period?

The grace period provides an additional 2 ½ months following the end of a plan year to incur expenses against your TSB Dependent Care account. This means that you have from January 1 (or your initial date of eligibility) through March 15 of the following year to utilize the funds in your account.

### What are the deadlines to enroll, incur expenses, and submit claims?

- **Enrollment:** During Open Enrollment or within 30 days of an IRS-qualified life event
- **Incur expenses:** January 1 (or initial date of eligibility) through March 15 of following year
- **Claim deadline:** April 15 of following plan year

### What is the difference between a grace period and a rollover?

A **grace period** (applies to the TSB Dependent Care Spending Account only) allows you to continue to incur expenses for an additional period of time following the end of the plan year (January 1 (or initial date of eligibility) through March 15 of the following year). This gives account holders the ability to spend down the remainder of their previous year's funds before March 15. Any funds remaining after the claim deadline are forfeited.

A **rollover** (applies to the TSB Healthcare Spending Account only) allows a certain amount of funds to transfer into a new account for the following year. Those funds can then be used for expenses incurred in the new plan year. Only funds exceeding the rollover amount are forfeited.

### How are claims handled during the grace period?

Claims can only be reimbursed once, and can be submitted online or by email, fax, or mail to Nyhart. Claims incurred during the grace period will be processed from the prior year balance first. Once those funds are exhausted or the claims deadline is reached (whichever is first), claims will be processed from the current year balance (if applicable). Any unused funds remaining after the claims deadline are forfeited. The employee is responsible for ensuring that claims are filed under the appropriate plan year.

### Does adding the grace period change the claim filing deadline?

No, the claim filing deadline for the TSB Dependent Care account remains April 15. Claims can be submitted online, by email, by fax or by mail to Nyhart. Any unused funds remaining after the claim deadline will be forfeited and, per IRS rules, cannot be returned to the employee.

### How are my taxes affected by the grace period?

The grace period does not affect your taxes or tax reporting requirements. The TSB Dependent Care deductions that are taken from your paycheck will still be reported on your W-2 (box 10) for the same year it comes out of your paycheck.

### What happens to the money in my TSB Dependent Care account if I terminate my employment?

You can no longer incur expenses as of the date you terminate employment. You have until the claims deadline to submit claims for expenses incurred prior to your termination date. There is no option to extend the amount of time you have to incur expenses. The deadline for filing claims remains the same, April 15 of the following year.