



Dependent Care Eligible Expense Listing

The following is a list of common dependent care expenses and whether or not they are eligible for reimbursement under Paychex Section 125 plans ("Plan"). This is not an exhaustive list. Paychex reserves the right to modify this list at any time to be in compliance with Federal Law. Paychex, along with the Plan Administrator, may deem it necessary to render decisions based on the facts and circumstances of certain individual claims and in accordance with the provisions of the Plan.

Expenses must be for an eligible tax dependent (as defined under the Internal Revenue Code section 152) of the employee participating in the Plan. Expenses incurred by or on behalf of a domestic partner and/or a domestic partner's child(ren) are not reimbursable. The expenses must be incurred to enable the employee and the employee's spouse (as defined by federal law) to be gainfully employed, if the spouse is a full-time student, or if the spouse is incapable of self care.

Expense	Standard FSA	Conditions and Examples
Au Pair	YES	Amounts paid to employ the Au Pair and any fees associated with employment and custodial care are eligible. Agency or finder fees not related to the care of the qualified individual are not eligible.
Baby Sitter	If Conditions are Met	Baby sitter fees are reimbursable unless the baby sitter is a child or step-child of the participant, under the age of 19, or a dependant of the participant. These expenses must be incurred to enable the employee and the employee's spouse to be gainfully employed (spouse is a full-time student or is incapable of self care).
Custodial and Elder Care	YES	Services must be for custodial care, not medical care, of the dependent. The dependent must spend at least eight hours per day in the employee's household.
Day Camp	YES	Care must be custodial. Sports and activity programs are acceptable as long as the primary purpose is not educational.
Disabled Spouse or Dependent (residing outside of the household)	NO	The qualified individual or dependent must spend at least eight hours per day in the employee's household.
Educational First grade and above	NO	Educational expenses are not eligible. After school programs or daycare for an eligible dependent under the age of 13 is eligible.
Educational Kindergarten	NO	Educational expenses are not eligible. If a kindergarten program is provided in a daycare, the custodial and educational cost must be separated; only the custodial costs are reimbursable.
Educational Pre-kindergarten and Preschool	YES	Typically, these programs are not considered "primarily educational." These costs are reimbursable if the program enables the employee and the employee's spouse to be gainfully employed (spouse is a full-time student or is incapable of self care).
Food	If Conditions are Met	Food may be reimbursable if it is not charged separately or cannot be segregated from the cost of the dependent care expense.
Household Service Maid, Cook, Housekeeper, Chauffer	If Conditions are Met	Generally, these are ineligible. They may be eligible, in part, for the care of the qualifying individual.
Incidentals (example: diapers, supplies, etc.)	If Conditions are Met	Incidentals may be reimbursable if they are not charged separately or can't be segregated from the cost of the daycare services.

Expense	Standard FSA	Conditions and Examples
Late Payment Fees	NO	Fees incurred that do not relate to the care of the dependent are ineligible.
Long Term Care	NO	Refer to Custodial and Elder Care for additional information.
Nanny	If Conditions are Met	Expenses must be related to the custodial care of the qualified individual. Fees and household services not attributed to custodial care are not eligible.
Overnight Camp	NO	Costs for overnight care outside of an employee's household are not considered employment related expenses.
Registration Fees	If Conditions are Met	Registration fees may be reimbursable if they are necessary to obtain care for the qualified individual. Fees are not reimbursable until care is provided and will be prorated for the duration of the care.
Relative Providing Care	If Conditions are Met	Reimbursable, as long as the relative is not a spouse or dependent of the employee who can be claimed as an exemption, or a child or step-child of the employee under the age of 19.
Sick Child Facility	If Conditions are Met	Reimbursable, as long as the service is for custodial care of the child and enables the employee and the employee's spouse to be gainfully employed (spouse is a full-time student or is incapable of self care).
Sick Employee	If Conditions are Met	If an employee is sick or on disability, he does not need child care and, therefore, dependent care expenses are not eligible. However, if an employee or spouse is incapable of self care, then the expense may be eligible. A detailed doctor's note may be required.
Transportation	NO	Transportation is not reimbursable if charged for separately, unless it cannot be segregated from the dependent care expense. Overseas travel expenses (for au pair or nanny) are closely scrutinized by the IRS and are typically not eligible.
Volunteer Work	NO	Volunteer work is typically unpaid or for nominal pay.