

FSA Eligibility

Medical FSA

- An employee must be eligible for group medical plan (not enrolled, only eligible) in order to be eligible for Medical FSA.
- Generally, pre-tax benefits may only be afforded to the employee, their spouses and dependents.
- An individual would be considered a “dependent” if they fall under one of the following:
 - “Employee’s Child”
 - Relationship – the taxpayer’s child, stepchild (whether by blood or adoption) or foster child
 - Age – must be under the age of 27 at the end of the tax year
 - “Qualified Child”
 - Relationship – the taxpayer’s child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.
 - Residence – has the same principal residence as the taxpayer for more than half the tax year. Exceptions apply, in certain cases, for children of divorced or separated parents, and other special instances.
 - Age – must be under the age of 27 at the end of the tax year or be permanently and totally disabled at any time during the tax year. The child must also be younger than participant unless the child is permanently and totally disabled.
 - Support – did not provide more than one-half of his/her own support for the tax year.
 - Citizenship - Be a U.S. citizen or national, or a resident of the U.S., Canada or Mexico. There is an exception for certain adopted children.
 - “Qualified Relative”
 - Relationship – An individual who bears a relationship to the taxpayer as described under Code Section 152(d) (2), including someone who has the same principal abode as the taxpayer for the taxable year and is a member of the taxpayer’s household.
 - Gross Income – Has gross income that is less than \$5,200 for the 2025 tax year. (Gross income limit test does not apply to health plans – so you may omit this definition when looking at a health plan, Health FSA, or HRA.)
 - Support - For whom the taxpayer provides over one-half of the individual’s support for that calendar year, and
 - Qualifying Child - Is not an otherwise “qualifying child” of the taxpayer or of any other taxpayer for any portion of the year.

Dependent Care FSA

A dependent is qualified if they meet the “Qualified Child” definition below and are under the age of 13, or is a spouse/dependent who is physically or mentally incapable of self-care. A child can be a qualifying individual for part of the year.

- “Qualified Child”
 - Relationship – the taxpayer’s child or stepchild (whether by blood or adoption), foster child, sibling or step-sibling, or a descendant of one of these.
 - Residence – has the same principal residence as the taxpayer for more than half the tax year. Exceptions apply, in certain cases, for children of divorced or separated parents, and other special instances.
 - Age – must be under the age of 27 at the end of the tax year or be permanently and totally disabled at any time during the tax year. The child must also be younger than participant unless the child is permanently and totally disabled.
 - Support – did not provide more than one-half of his/her own support for the tax year.
 - Citizenship - Be a U.S. citizen or national, or a resident of the U.S., Canada or Mexico. There is an exception for certain adopted children.
- Divorced Parents – Only the custodial parent may be reimbursed under DCAP. The custodial parent is the parent who had custody for the greater portion of the calendar year.