



## Dependent Care Flexible Spending Account (DCA)

**IT'S YOUR MONEY SO WHY NOT KEEP MORE OF IT?**

Your Estimated Tax Savings			
WITHOUT Dependent Care FSA		WITH Dependent Care FSA	
Gross Annual Pay	\$60,000	Gross Annual Pay	\$60,000
Average Tax Rate (30%)	- \$18,000	Max Annual DCA Contribution <i>(PRE-TAX DEDUCTION)</i>	-\$5,000
Net Annual Pay	= \$42,000	Adjusted Gross Pay	= \$55,000
Annual Dependent Care Expense	-\$5,000	Average Tax Rate (30%)	- \$16,500
Final Take Home Pay	= \$37,000	Final Take Home Pay	\$38,500
<b>TAKE HOME THIS MUCH MORE WITH A DEPENDENT CARE FSA</b>			<b>\$1,500</b>

*All figures in this table are estimates, and based on an annual salary of \$60,000 and maximum contributions to the benefit account. Your salary, tax rate, dependent care expenses, and tax savings may be different.*

### How Does a Dependent Care Account Work?

A DCA is a pre-tax saving account which the IRS allows you to put funds into. You can then use these funds for qualified dependent care expenses, such as **preschool, summer day camp, before or after school programs, and child or adult daycare**. You may choose to enroll in the DCA through your employer, which is administered by HRCTS. Complete the election form indicating how much you would like to withhold from your payroll on a pre-tax basis. It is a smart, simple way to save money while taking care of your loved ones so you can continue to work.



**SAVE** money, while caring for the ones you **LOVE!**

### Guidelines

*\*You must follow the guidelines set below in order for your dependent care expense to be eligible for reimbursement.*

1. Dependent care expenses cover qualified dependent children 12 or younger, or a spouse/tax dependent who is mentally or physically incapable of caring for themselves.
2. Dependent care expenses incurred must allow a single parent or both married parents to be gainfully employed or attend school full time during the time the child is being taken care of.
3. Your dependent must live in your home for at least 8 hours each day.
4. Any day care center or program must meet the state and local requirements in order to be eligible.
5. A babysitter can watch the dependent inside or outside the home, as long as the sitter is at least 19 years of age, and is not your spouse or someone you claim on your tax return as a dependent.



## Dependent Care Flexible Spending Account (DCA)

### How Do I Access My Funds?

There are two ways for you to access the funds in your Dependent Care Account!

- **VISA Debit Card** – HRCTS will provide you with a smart debit card which you can present at the day care facility you use if they accept credit cards as a form of payment. Always keep a receipt of payment to verify the expense. *You can only use your card for the amount you have in your account.*
- **Submit a manual claim** – You can also submit a claim online, via fax, mail, or mobile app. You can submit your claim three ways.
  - Submit a completed claim form with your provider’s signature. (no receipt required)
  - Submit one claim form with your provider’s signature or receipt at the beginning of the year for the whole year if you have the same expense all year.
  - Submit a completed claim form with an itemized receipt including: service start and end date, description of service, provider, expense amount, tax ID #, and the dependent receiving the service.



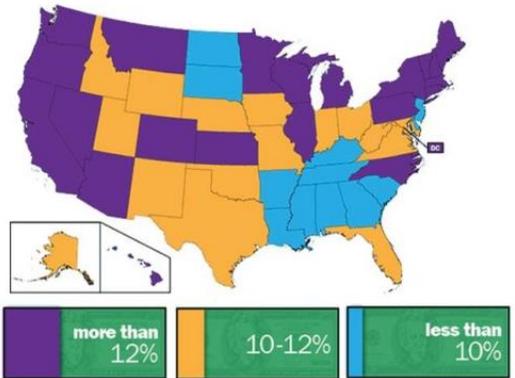
## CALCULATE HOW TO SAVE BELOW!

*You can use this worksheet to estimate how much you want to elect into your DCA.*

Weekly Dependent Care Expenses	
Preschool	\$ _____
Daycare	\$ _____
Babysitting	\$ _____
After School Program	\$ _____
Before School Program	\$ _____
Custodial/Adult Care	\$ _____
Disabled spouse/Dependent Care	\$ _____
<b>Total Estimated Weekly Expense</b>	\$ _____
<b>Total Weekly Election x 52 = Annual Election</b> \$ _____ x 52 = \$ _____	
<b>Annual Election ÷ # Pay Periods = Payroll Deduction</b> \$ _____ ÷ _____ = \$ _____	

### Average Cost for an Infant in a Center

*As a % of a Married Couple’s Median Income*



 Source: Parents and the High Cost of Child Care 2013 Report

The amount you put into an DCA is called an "election," and your election cannot be more than the maximum amount set by the IRS. Currently, the maximum amount is \$5,000 each plan year. There is also a \$5,000 maximum per family per calendar year. However, if you’re married and file separate tax returns, the maximum is \$2,500.