

Dependent Care



What is a dependent care flexible spending account (DCA)?

A DCA is a flexible spending account that allows you to set aside pre-tax dollars for dependent care expenses. Since DCA contributions are deducted from your paycheck pre-tax, your taxable income is reduced. Participants enjoy a 30% average tax savings on their annual DCA contribution.

Why should I enroll in a DCA?

Child and dependent care is a large expense for many American families. Millions of people rely on child care to be able to work, while others are responsible for older parents or disabled family members. If you pay for care of dependents in order to work, you'll want to take advantage of the savings this plan offers. Money contributed to a DCA is free from federal income, Social Security, and Medicare taxes and remains tax-free when it is spent.

The chart below illustrates potential savings at various contribution levels:

Tax Status	DCA Contribution	Annual Saving*
Single	\$2,500	\$691
Married	\$3,500	\$968
Married	\$5,000	\$1,383

*For illustrative purposes only. Based on a typical tax situation of 15% federal tax, 7.65% FICA, and 5% state income tax. Your tax situation may be different. Consult a tax advisor.

Qualifying Dependents

- Your qualifying child under the age of 13, who shares the same residence with you, or
- Your spouse, or qualifying child or qualifying relative who is physically or mentally unable to care for him/herself, who shares the same residence with you and has income less than the Federal exemption amount.

Annual Contribution Limits

The IRS limits annual contributions to \$5,000 on income tax returns for single or married filing jointly, and \$2,500 for married filing separately.