



HRC TOTAL SOLUTIONS

Dependent Care Flexible Spending Account (DCA)

What Are They?

A DCA is an account that an employee sets up with HRC Total Solutions (similar to a savings account). It enables them to deduct money out of their payroll on a pretax basis and directly deposit these funds into an account with HRC Total Solutions. These funds can later be withdrawn from this account on a tax free basis to pay for eligible Dependent Care Expenses (Preschool, Day Care, Baby Sitting, After School Programs, and Adult Day Care). They are a great way to save taxes and reduce your out of pocket expenses!

How Do They Work?

Before the effective date of your DCA plan year (Decided by your employer), you will calculate how much money you think you will spend for eligible dependent care expenses for the plan. You then take this annual number and divide it by the amount of payrolls during the plan year and this amount will be deducted from your payroll each period and deposited into your DCA. For example, if you wanted to put \$4,999.80 in the account, and you are paid on a weekly basis, then \$4,999.80 divided by 52 payrolls would equal \$96.15 per paycheck. This money comes out before you pay Federal Tax, FICA Tax, and State Tax. When you add up your tax savings with your money in this account, you effectively have increased your take home pay.

You will have the opportunity to change your election each plan year and also if you have a qualifying event; which includes marriage, divorce, death, or birth in your immediate family. If you have a qualifying event, you can increase or decrease your annual election within a 30day period following the event.

How Much Can I Put Into My Account?

The maximum reimbursement limit is \$5,000 per year or \$2,500 if married and filing separately. If a spouse is not working, but is a student, then the monthly maximum will be \$200 for one child, and \$400 for 2 or more children. All of these limits apply to the date the eligible expense is incurred, not the date billed or paid.

How Do I Get My Money Out?

There are two ways you can get your money out of the account.

- 1 You can submit a claim online, mail it, fax it, or drop the claim off to us along with the receipt(s) showing the expense.
- 2 You can use the VISA you received from us after you enrolled. To use the VISA, simply present it at the daycare facility you use if they accept credit card payments. You can use your card for only the amount you have left in your account. Only use your VISA for eligible expenses and keep your receipts, you may be contacted to verify the expense.

Funds are deposited into your DCA on a per payroll basis. You will have the opportunity to withdraw your funds throughout the plan year, but only for what is in the account. You do have 90 days after the end of a plan year to submit your expenses that were incurred during the plan year, but after this point, any unused funds will be forfeited back to your employer to offset claims and administration expenses.

What Are the Guidelines?

You must follow the guidelines set below in order for your dependent care expense reimbursement to be eligible. These guidelines are as follows:

1. Dependent care expenses cover your dependent children 12 or younger, or a spouse/tax dependent who is mentally or physically incapable of caring for him or herself.
2. The dependent care expense 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 a 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 old, and is not your spouse or someone you claim on your tax return as a dependent.



Dependent Care Account (DCA) Worksheet/Election Calculator

Things To Remember

Understand that your election is based on the eligible expenses allowed by the IRS. These expenses must meet the following requirements:

1. Daycare expenses must be incurred during the plan year for the care of a dependent age 12 or younger.
2. Daycare expenses may be incurred for a spouse or other tax dependent that is mentally or physically incapable of caring for him or herself.
3. The expense needs to be incurred during the time that you and your spouse (if applicable) are gainfully employed and at work.
4. The daycare provider must be either a babysitter that cares for the dependent in or outside of your home or a daycare center that meets state and local requirements, such as, a pre-school, summer day camp, and after school programs. Any form of day care provider you use needs to provide you with a tax ID or social security number.
5. Expense cannot exceed your taxable compensation, or your spouse’s actual earned income.

You can use this worksheet to estimate how much you will need to put into your DCA. Please remember to be conservative, but don’t forget that all the money you put into this account goes in on a pre-tax basis and comes out tax-free!

How Do You Determine Your Expenses?

Weekly Dependent Care Expenses

Preschool	(A.)\$ _____
Daycare	(B.)\$ _____
Baby Sitting	(C.)\$ _____
After School Programs	(D.)\$ _____
Adult Daycare	(E.)\$ _____

Total Estimated Weekly Daycare Expenses (F.) \$ _____ (Add Lines A - E)

Total Estimated Annual Dependent Care Expenses This Plan Year (G.) \$ _____

(Multiply Line F. above by the total number of weeks this plan year. Please remember that this amount cannot exceed \$5,000 Or \$2,500 if married and filing separately. If it does, please adjust the amount accordingly)

Number of Pay Periods In Plan Year (H.) _____	Divide Line G. Above By Line H. (This is your deduction per payroll) \$ _____
--	--

 **QUESTIONS?...** Please don’t hesitate to contact HRC Total Solutions!

Exchange | HR Outsourcing | COBRA | FSA | DCA | POP | HRA | HSA | PRA | DRA | Commuter | Wellness | Payroll

Phone: 603-647-1147 • Fax: 1-866-978-7868 • email: info@hrcts.com • www.HRCTS.com • 111 Charles Street • Manchester, NH 03101