

ASi's guide to... Dependent Care Flexible Spending Accounts



WHAT IS AN DCAP FSA

Sometimes referred to as a Cafeteria Plan, Flex Plan, or Section 125 Plan— a Flexible Spending Account allows you to set aside a certain amount of your earnings into an account before paying income taxes. If you are one of many people who spend money on out-of-pocket daycare expenses, an FSA can make these expenses more affordable. During the year you have access to this account for reimbursement of these expenses you regularly pay out of pocket. When you use tax-free dollars to pay for these expenses, you realize an increase in your spending power and substantial tax savings.

HOW IT WORKS

When you participate, you will elect to have a specified amount of money deducted on a pre-tax basis from your paycheck each pay period. These funds are deducted from your gross earnings before your taxes are calculated. The example to the right demonstrates how this plan can increase your take-home pay.

DEPENDENT CARE FSA

A “DCAP” is a dependent care assistance program that is also an FSA. An employee can use a DCAP to be reimbursed for employment-related expenses that allow the employee and his or her spouse to be “gainfully employed.” Common DCAP expenses are those incurred to have a babysitter or day-care provider take care of employee's children (only under the age of 13) while the employee and spouse are both working, or to take care of a spouse or other tax dependent who lives with the employee and is incapable of self-care.

Please Note: Contributions must be made to the DCAP account prior to reimbursement.

Contribution Limits: The annual election is the smallest of the following amounts (all limits based on the employee's taxable year):

- **\$5000 for married individuals filing jointly or for unmarried individuals .**
- **\$2500 for married individuals filing separately.**

WITHOUT THIS PLAN	
Gross Pay	\$2000
FICA, Federal, & State Taxes	(\$500)
Insurance Premium	(\$100)
Dependent Care Expenses	(\$300)
NET EARNINGS	\$1100
WITH THIS PLAN	
Gross Pay	\$2000
Insurance Premium	(\$100)
Dependent Care Expenses	(\$300)
Adjusted Gross Earning	\$1600
FICA, Federal, & State Taxes	(\$400)
NET EARNINGS	\$1200

BENNY CARD

Your employer may choose to utilize the Benny Card. Your Benny Card is a debit card that is linked to your FSA funds. When needing to pay for an eligible Dependent Care expense, present this card for payment. As the card is swiped, the system will verify that the expense is eligible and determine if there are adequate funds in the account. Once completed, your claim will be paid. It is required to save your receipts as they will need to be submitted to ASi to substantiate claims. For more information on how and where to use your card, please contact ASi at flexhelp@asibenefits.com.

USE-IT OR LOSE-IT

If you do not use all the dollars contributed to the reimbursement account by the end of the plan year, remaining funds will be forfeited to the plan.

TAX CREDIT & DCAP SPENDING ACCOUNTS

If you participate in this plan, you cannot claim credits on your tax return for the same expenses. Any amount reimbursed under this plan will reduce the amount of dependent care expenses you can claim on your taxes. Before signing up, be sure to evaluate what will be more beneficial for you. For further questions or concerns, please refer to your tax professional.