

FLEXIBLE BENEFITS PLAN



QUALIFYING EXPENSES – DEPENDENT CARE REIMBURSEMENT ACCOUNTS

Do you have child or dependent care expenses during the year? Have you compared the difference in paying these expenses on a pre-tax basis as opposed to taking the credit on your tax return!?!

Under a FLEXIBLE BENEFITS DEPENDENT CARE REIMBURSEMENT ACCOUNT, you may be reimbursed for Dependent Care expenses meeting all of the following conditions:

1. The expenses must be incurred for services rendered during the plan year to which it applies.
2. Each individual for whom you incur the expense must be:
 - a) a dependent under age 13 whom you are entitled to claim as a dependent on your federal income tax return, or
 - b) a spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself.
3. The expenses must be incurred for the care of a dependent described above and must be incurred to enable you to be gainfully employed.
4. If the expenses are incurred for services outside of your household, they must be incurred for the care of a dependent who is described in item 2 above and who regularly spends at least 8 hours per day in your household.
5. If the expenses are incurred for services provided by a dependent care center (i.e. facility that provides care for more than six individuals not residing at the facility), the center must comply with all applicable state and local laws and regulations.
6. The expenses may not be paid or payable to a child of yours who is under the age of 19 at the end of the year in which the expenses are incurred.
7. The expenses may not be paid or payable to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.
8. The reimbursement (when aggregated with all other dependent care reimbursements received by you and your spouse, if married, under a Flexible Benefits plan during the same year) may not exceed the least of the following limits:
 - a) The maximum amount allowed under the plan which is \$5,000;
 - b) \$2,500 if married, filing separate tax returns; otherwise \$5,000;
 - c) your taxable compensation (after all compensation re-direction elections); or
 - d) your actual deemed earned income or your spouse's, if married.

Note: If your spouse is a full-time student or is disabled and incapable of self-care, you may consider his/her monthly income to be \$200 if one qualifying dependent or \$400 if two or more qualifying dependents

For more specific details regarding a Dependent Care Reimbursement Account, please refer to IRS Publication 503, Child and Dependent Care Expenses. To receive this publication, please call 1-800-TAX-FORM.