Eligible Expenses

In order for dependent care expenses to be eligible, the expense must enable the gainful employment of you or your spouse, be paid on behalf of a qualified dependent, and be provided by an eligible dependent care provider.

Eligible dependent care providers include the following:

- A licensed daycare center *(must care for more than six children who do not live at the daycare center)*
- A private babysitter
- An elderly or handicapped care center
- In-home medical attendant care

You must provide the name, address, and social security number or tax identification number of your dependent care provider on all claims.

Qualifying Dependent

A qualified dependent under the DCAP is a dependent whom you claim for federal tax purposes and is:

- Your child under the age of 13 that lives with you for more than half of the calendar year.
- Your spouse, child, or relative who is physically or mentally incapable of self-care and lives with you for more than half the year.
- Any individual who qualifies as your dependent under Section 152 of the Internal Revenue Code (IRC) for purposes of pre-tax contributions or reimbursement on a pre-tax basis.

For more information and to view a list of frequently asked questions regarding the DCAP, visit http://countyline/hr/benefits/mywealth/tax_savings/125plan.asp

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Note: This brochure only contains a summary of the DCAP. For a full description of the plan, refer to the plan document. If any differences exist between this summary and the plan document, the plan documents will prevail.

DCAP

Dependent Care Assistance Plan

TAX SAVINGS BENEFIT FOR DEPENDENT CARE EXPENSES

DCAP

The Dependent Care Assistance Plan (DCAP) is a tax savings plan offered to all eligible employees of the County of San Bernardino as an alternative to receiving the Dependent Care Tax Credit (DCTC). The DCAP allows you to take a pre-tax deduction from your income to pay for eligible dependent care expenses. This pre-tax benefit enables you to save money as it lowers your taxable income.

The DCAP *OR* The DCTC?

Deciding if the DCAP or the DCTC will produce the greatest tax benefit for you, will depend on the variables unique to your situation. Generally, DCAP produces a greater tax benefit if you incur significantly more than $3,000 a year in dependent care expenses and have one qualifying dependent. The maximum contribution limit for the DCAP is $5,000 while the DCTC allows for a credit limit of $2,400.

Expenses reimbursed through your DCAP account may not be applied to your tax credit.

Note: Tax laws are complex and it may benefit you to seek professional tax advice before enrolling in the DCAP.

Maximum Contribution

The DCAP maximum annual contribution for the calendar year is the lowest of the following amounts:

- $5,000 for single persons or married couples filing jointly
- $2,500 for married persons filing separate federal tax returns
- The earned income of the participant or participant's spouse.

If your spouse also participates in a DCAP, the annual maximum includes any benefits he or she received under the DCAP. The deduction amount you choose should be a conservative estimate as IRS regulations stipulate that your elections are irrevocable. You may change your deduction amount during the plan year only if you experience a qualifying IRC Section 125 change-in-status event. Additionally, according to federal tax law any amounts in your DCAP account that are not used to reimburse you for eligible dependent care expenses do not roll over from one plan year to the next. The funds will be forfeited and applied toward the cost of administering the plan.

Eligibility

DCAP is available to San Bernardino County employees who are scheduled to work a minimum of forty hours and are paid for a minimum of one half plus one of the scheduled hours per pay period.

Enrollment

During the annual DCAP open enrollment period in November, eligible employees make an election to authorize a bi-weekly deduction amount from their pay to be placed into their DCAP account. Additionally, eligible employees may enroll in the plan mid-year if they experience an Internal Revenue Code (IRC) Section 125 qualifying change-in-status event.

How the Plan Works

The DCAP allows you to receive your tax savings benefit throughout the year. When an eligible expense is incurred, you must submit a DCAP Reimbursement Request form, proof of payment, and evidence of service date(s) that the expense was incurred. The expense must be incurred during the plan year to be eligible. Reimbursement will be paid by check within 30 days from receipt; however, typical turnaround time is 7 days. Reimbursement requests under $25 will be paid when the requests submitted collectively exceed $25. Participants are charged a nominal fee of 70 cents per pay period to cover administrative costs.