



ENLOE MEDICAL CENTER DEPENDENT CARE REIMBURSEMENT PLAN

The Dependent Care Reimbursement Plan (DCRP) is designed to help you pay for the dependent care services that are necessary in order that you and your spouse (if applicable) may work. Under this Plan, you may pay for these expenses on a pre-tax basis (Dependent Care services do not include food, lodging, clothing, education/tuition or entertainment).

ELIGIBLE EXPENSES

Under the Plan, you will be reimbursed for any type of dependent care that you could claim if you were filing for a dependent care credit on your income tax return. You must be actively working or looking for work or attending school full time to qualify. Expenses may be reimbursed for services provided inside or outside of your home (this does not include care provided by your spouse, a person you can claim as your dependent or your children under age 19). If care is provided by a childcare center for more than six children, it must comply with all applicable state and local regulations. The child care expenses must be for a qualifying individual who is defined as a person who spends at least eight hours a day in your home and is either:

- Your dependent under the age of 13 for whom you are entitled to claim an exemption on your Federal Tax Return;
- Your spouse who is physically or mentally unable to care for him or herself; or
- Any other individual other than your spouse or dependent child who is physically or mentally unable to care for him or herself and relies upon you for more than half of their financial support.

PLAN YEAR ELECTION

You must make an election, during Open Enrollment, of the amount of dependent care expenses you expect to incur during the Plan Year. A portion of the election will be set aside each pay period on a pre-tax basis, and deposited into a separate account. Employees may contribute a maximum of \$5,000 if single, or married and filing a joint return; \$2,500 if married and filing separately; or the lower annual income earned by the employee or spouse, if married. Any funds left in the employee's reimbursement account at the end of the plan year must be forfeited. Elected dependent care FSA contributions for Highly Compensated Employees may be lowered by the plan sponsor at any time to ensure the plan complies with Internal Revenue Code nondiscrimination requirements.

REIMBURSEMENT REQUESTS

In order to receive reimbursement from your account, you must complete a DCRP claim form with the name of the provider of services, the dates of service, the amount of the charge, and either the signature of the provider or a signed receipt or official statement from the provider showing that services have been rendered for that time period.

When you submit a claim, you will be reimbursed for expenses up to the amount you have actually contributed into your account to date, less any reimbursements already paid. **If you do not submit claims for reimbursement within 4 months following the end of the plan year, any money remaining in your account will be forfeited.** If you have any questions regarding your account under the Dependent Care Reimbursement Plan, please call **Keenan HealthCare at (800) 653-3626.**

Please note: Based upon IRS guidelines, you are required to provide the name, address and taxpayer identification number or social security number of the dependent care provider at the time you file your income tax return. If you are unable to provide this information, both the tax credit and the exclusion for the spending account reimbursement through this Plan may be denied by the IRS. Verify that this information is available before you elect to participate in the Dependent Care Reimbursement Plan.

Expenses reimbursed from this account may not also be used to claim a Federal Income Tax credit, therefore, you will have to determine which approach is best for you. You may even be able to combine the Dependent Care Reimbursement Plan and tax credits to reduce your overall dependent care expenses. However, the maximum expense you claim when using both the tax credit and Dependent Care Reimbursement Plan is either (1) your earned income for the year, if single (2) the smaller of your or your spouse's earned income for the year, if married or (3) the tax credit limit (\$3,000 for one dependent or \$6,000 for two or more dependents), whichever is less. The amount reimbursed under the Dependent Care Reimbursement Plan must be subtracted from this amount.

DEPENDENT CARE EXPENSE WORKSHEET

You may use the worksheet below to help you determine whether you want to participate in the DCRP or use the Federal Income Tax Credit for your dependent care expenses. If you have more than \$5,000 in dependent care expenses for two qualified individuals (\$2,500 if married and filing a separate tax return) you may be able participate in the DCRP and claim the Dependent Care Tax Credit based on you excess expenses. **Please see a tax professional if you wish to pursue this option.** The comparison only takes into account your federal taxes and Social Security taxes; it does not take into account state or local taxes.

Estimate your Dependent Tax Credit: This example is based on the fact that you and (if married) your spouse each have earned income in excess of what you paid in dependent care expenses.

Step 1: Enter the qualified dependent care expenses (up to \$3,000 for one dependent, \$6,000 for more than one dependent). \$ _____

Step 2: Enter your applicable percentage from the **Percentage Table** below. \$ _____

Step 3: Multiply the amount in Step 1 by the applicable percentage in Step2 and enter result. \$ _____

Step 4: Calculate your total estimated federal income tax, based on your taxable income from your Form 1040 or 1040A, and enter the amount here. \$ _____

Step 5: If the amount you entered in Step 4 is less than the amount that you entered in Step 3, and if you expect that you will have an alternative minimum tax (AMT) liability, add that expected AMT amount to the amount that you added in Step 4.

Step 5: Enter the lesser of the amount from Step 3 or 4. This is the Dependent Care Tax Credit that you can use to reduce your tax liability: \$ _____

Percentage Table

The percentage varies according to your adjusted gross income:

If your adjusted gross income is Over:	But not over	Your applicable percentage is:	If your adjusted gross income is Over:	But not over	Your applicable percentage is:
\$0	\$15,000	35%	\$29,001	31,000	27%
\$15,001	\$17,000	34%	\$31,001	33,000	26%
\$17,001	\$19,000	33%	\$33,001	35,000	25%
\$19,001	\$21,000	32%	\$35,001	37,000	24%
\$21,001	\$23,000	31%	\$37,001	\$39,000	23%
\$23,001	\$25,000	30%	\$39,001	\$41,000	22%
25,001	\$27,000	29%	\$41,001	\$43,000	21%
27,001	\$29,000	28%	\$43,001	No Limit	20%

The IRS allows a maximum of \$3,000 for one child or \$6,000 for two or more in determining your tax credit. IRS Publication 503 entitled Child and Dependent Care Expenses and Form 2441, available at the public library or from the IRS, can give you more information. **Warning: These examples are provided for information only and should not be construed as legal or tax counsel. Advice of legal counsel or tax expert is highly recommended.**