

DECIDING HOW MUCH TO CONTRIBUTE TO YOUR DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

To figure out how much to contribute to your Dependent Care Flexible Spending Account (DC-FSA) refer to the following worksheet to calculate the amount you expect to pay during the plan year for eligible dependent care expenses. This calculation amount cannot exceed established IRS guidelines for plan year limits. The maximum under the IRS regulations that can be claimed is \$5,000 (or \$2,500 if you are married filing separately). Since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year (use-it or lose-it rule), it is recommended to be conservative in your estimates.

TAX-FREE DEPENDENT CARE WORKSHEET

Estimate your eligible dependent care expenses for the plan year

Eligible weekly dependent day care cost:	(A) \$
How many weeks of dependent care you will have in the Plan Year: (NOTE: Remember to subtract holidays, vacations and other times you may not be paying for day care during the year)	(B) \$
Total cost of dependent day care for the Plan Year (A x B):	(C) \$
Enter the Maximum Benefit Allowed: (\$2,500 if married filing separately; \$5,000 if single or married filing jointly)	(D) \$
How much do you wish to contribute this Plan Year? Enter the lesser of either (D) or (C)	(E) \$
Are you enrolling in WHOI's Dependent Care Subsidy program? If so, you may want to reduce your DC-FSA contribution by the amount of subsidy provided by WHOI for the year (up to \$2,000 per dependent per year). *see note below for further details... Enter the annual amount of Dependent Care Subsidy (if any):	(F) \$
Total annual DC-FSA contribution for this Plan Year (E minus F):	(G) \$
How many pay periods will there be in the Plan Year? Enter 26 pay periods if enrolling on January 1 during Open Enrollment, or if enrolling outside of Open Enrollment (new hire or qualifying event), enter the number of pay periods from your enrollment date:	(H)
Determine your pre-tax salary deduction per pay period: Divide the amount in (G) by (H)	(I)

* When you are calculating the amount to contribute to your Dependent Care Flexible Spending Account (DC-FSA), you should also take into consideration any Dependent Care Subsidy (DCS) monies that you may be eligible for. Remember, the maximum pre-tax allowance is a combination of the DC-FSA and the DCS. The IRS annual maximum is \$5,000 or \$2,500 if you are married filing separately.

Example: If you expect to receive \$1,500 under the DCS and you estimate your DC-FSA to be \$5,000, you may want to consider reducing your DC-FSA annual election to \$3,500. Otherwise, your DCS benefit would be paid to you as taxable earnings since the total of both your DC-FSA and DCS would equal \$6,500 (\$1,500 in excess of the annual IRS pre-tax limit).

For more information about the Dependent Care reimbursement programs, please contact Human Resources at ext. 2253.