

Script

A Flex Plan is an employee benefit that allows you pay for certain expenses on a tax-free basis. You save federal, state and social security taxes which reduces your costs and increases your take-home pay.

Storyboard



For every \$100 of benefits you pay pre-tax, you can save between 20% and 40%. That means you can save about \$100 for every \$400 of your day care expenses. Those tax savings add up!



In this illustration, we are illustrating the type of tax savings you might find if you have a single child pay \$5000 per year for day care.

Because the tax credit is limited to the first \$3000 of expenses, the maximum tax credit would be \$600 while the tax savings from the Dependent "Day Care" benefit would be an additional \$1,100.

	Without "Day Care" Benefits	With "Day Care" Benefits
Gross Annual Pay	\$60,000	Gross Annual Pay \$60,000
Estimated Taxes (30%)	-\$18,000	"Day Care" Expenses 1 Child -\$5,000
Net Annual Pay	= \$42,000	Adjusted Gross Pay = \$55,000
Plus The Tax Credit	+\$600	Plus The Tax Credit \$0.00
"Day Care" Expenses 1 Child	-\$5,000	Estimated Taxes (30%) -\$16,500
Take Home Pay	= \$37,400	Take Home Pay = \$38,500
Additional Tax Savings from the Dependent "Day Care" Benefits		\$1,100

This is an estimate based upon information shown. The Dependent Care Tax Credit is based upon 20% of the maximum \$3000 eligible expenses for a single dependent. Your personal income, expenses and taxes may vary.

To learn more about your tax savings, go to the FlexToday website, Employees tab to use the Tax Savings Calculator.



The Dependent “Day Care” Assistance Plan – which we’ll call the DCAP - is the Flex benefit that helps working families by using tax-savings to reduce the cost of the day care services which allow the parent(s) to work.



The DCAP allows you to set aside money to pay for your work related “day care expenses for:

- Your Dependent Children (ages 12 or under)
- Your spouse, parent or adult child who are not capable of self-care.



Eligible Day Care expenses are those expenses to care for your children while you (and your spouse, if married) are gainfully employed.

This includes the costs of:

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- FLEXTODAY**
- After-school day care
 - Babysitters
 - Day camps
 - Elder-care centers
 - In-home care providers
 - Nanny services
 - Pre-school tuition
- The list of eligible day care expenses is centered on the page. The FLEXTODAY logo is in the top right corner.

If your day care provider works in your home, you would be considered a Household employer required to withhold and deposit taxes and cover the provider under your homeowner’s policy. Please refer to IRS Publication 926 and talk to your homeowner’s insurance for more information.

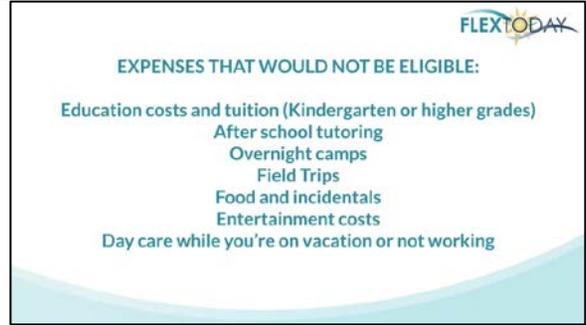
The provider must comply with state and local regulations if they care for people other than persons who live in the home.



To be reimbursed from the DCAP, your day care expenses are eligible only if, and while, you (and your spouse, if married) are working.



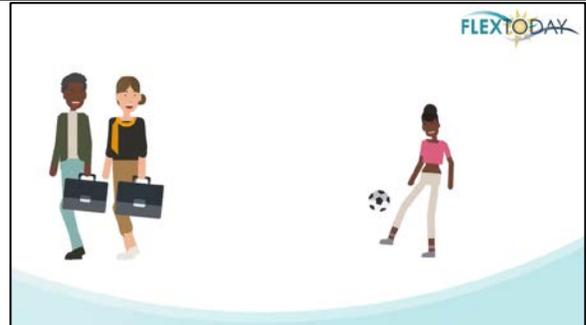
- Expenses that would not be eligible include:
- Education costs and tuition (Kindergarten or higher grades)
 - After school tutoring
 - Overnight camps
 - Field Trips
 - Food and incidentals
 - Entertainment costs
 - Day care while you're on vacation or not working



For example, if you send your child to a soccer class, football clinic or swimming lesson, that wouldn't be an eligible day care expense.



But if you sent your child to an all-day or half-day soccer camp or swim camp during the summer, that would be an eligible expense if it allowed you and your spouse to work.



The maximum Day Care contributions are a combined family limit of:

\$5,000 if you are married or single
\$2,500 if you are married filing separate returns.

That is further limited to the lesser of your earned income or your spouse's earned income.

Other limits apply if your spouse is a full-time student or disabled and unable to care for themselves or the children.

The alternative to the Dependent "Day Care" benefit is the Day Care Tax Credit, which is based upon expenses up to \$3,000 for 1 dependent and \$6,000 for 2 or more dependents.

The maximum tax credit is 35% of the day care expenses but that only applies those families who have an adjusted gross income of \$15,000 or less.

If your adjusted gross income is over \$43,000, your maximum tax credit would be 20% of your day care expenses.

This is an illustration of the difference between the possible tax savings of the DCAP benefit for two children as compared with tax credit.

While the maximum tax credit is \$1200 compared to the DCAP tax savings of \$1813, an additional \$613 per year

Note that you can still claim \$200 of the Tax credit for the extra \$1000 of expenses you paid out that was over the DCAP limit.

That will bring your total tax savings up to over \$2000 or 1/3 of your annual day care costs!

While your personal tax savings will vary depending upon your personal situation, most families with an adjusted gross income of \$43,000 or more per year will find greater tax savings with the DCAP.

The maximum Day Care contributions are a combined family limit of:



\$5,000 if you are married or single.

\$2,500 if you are married filing separate returns.

Or your earned income.

Day Care Tax Credit



Based upon expenses up to:

\$3,000 for 1 dependent

\$6,000 for 2 or more dependents

The maximum tax credit is 35% of the day care expenses.*

*Only applies those families who have an adjusted gross income of \$15,000 or less

If your families adjusted gross income \$43,000 or more, the maximum tax credit is 20% of your day care expenses.

Tax Savings Illustration



Filing Status	Married Couple
Adjusted Gross Income	\$90,000
Day Care Expense	\$6,000
Number of Children	2
Federal Tax Rate	22%
Social Security & Medicare	7.65%
State Taxes	6.60%
Total Tax Rate	36.25%
Maximum DCAP Benefit	\$5,000
DCAP Tax Savings	\$1,813
Maximum Expenses	\$6,000
Tax Credit Rate	20%
Maximum Tax Credit	\$1,200
DCAP Tax Savings Advantage	\$613

Your personal tax savings will vary depending actual expenses, taxable income and state and local taxes.

As a participant in the Dependent “Day Care” DCAP program, your employer will report your DCAP contributions on your W-2 form as an informational item.

On your annual 1040 tax return, you will need to report:

- The provider’s name, address and tax identification
- The Amounts you paid to the provider
- The name and social Security number of dependent

**DCAP Participation:
Report With Your Taxes (Form 2441)**



- Provider Name, Address and Tax ID Number.
- Amounts Paid To The Provider.
- Name and Social Security Number of Dependent.
- (Also required for Tax Credit).

Your election is an estimate of how much you expect to spend next year.

Election



*Estimate of how
much you expect
to spend next year*



Your election will be set for the year unless you have a Change In Status event, such as marriage, birth, adoption.

Change In Status Event



You can also enroll or change your Day Care election during the year as your day care situation changes.

Do your day care costs increase in the summer? You can increase your day care election when your costs increase in June!

Do your day care costs decrease in the fall when the kids are back in school? Then your day care election can be reduced in September!

Keep in mind, your request to change to your election change must be received within 30 days after the change event and your change cannot be retroactive.

Be conservative and underestimate when making your elections.



Do your day care costs
increase in the summer?

**Change your
election in June!**



Do your day care costs
decrease in the fall when
the kids are back in school?

**Change your
election in
September!**



*You have 30 days from the date of the change to request an election change.
Be conservative and underestimate when making your elections.*

To be reimbursed from your Dependent “Day Care” benefits, your expenses must be incurred – services actually received – during the plan year after you became an active participant.

Your claims must be received by the year-end claims filing deadline.



Your day care expenses must be incurred

– services actually received –

during the plan year after you became
an active participant.

Each Flex election is separate. You cannot use your Dependent “Day Care” benefits to pay for medical-related expenses.



Each Flex Election is SEPARATE.

*You cannot use your Dependent “Day Care”
benefits to pay for medical-related expenses.*

We hope that this presentation has been helpful.

If you have any questions, please call us at 1-800-995-5373 x 1 or send us an email at Flex@FlexToday.com



Questions?

Please Call
1 (800) 995-5373 x 1

Send us an Email
Flex@FlexToday.com