

Why a Dependent Care Flexible Spending Account May Be Perfect for You



Take control of your dependent care spending by taking advantage of this valuable savings tool! Here are just a few reasons why millions of people use DCAs to help them manage their dependent care costs.

- You choose how to use your money to pay for dependent care services
- You get tax savings because you're not taxed on your contributions, and withdrawals you make to pay for qualified dependent care expenses are tax-free
- Reimbursements are easy. You can even submit receipts online.
- It's convenient. Everything you need to manage your account is in one location at ibxpress.com

Independence 

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BlueSaverSM Health Account Solutions: Dependent Care Flexible Spending Account

A better way to save on dependent care expenses

Independence 

Dependent Care Saving Made Easy

Your employer is offering you a convenient way to save and plan for your dependent care expenses — a Dependent Care Flexible Spending Account, or DCA. With this account, you can use pre-tax dollars to pay for a variety of qualified childcare and adult dependent care expenses.

Enrolling in a DCA is a smart choice. You control how you use the money you save. Plus, it's an easy way to plan for dependent care expenses while decreasing the amount of taxes you pay.

Who's Covered?

- Your dependent who has not reached age 13
- Your dependent (whether a spouse, parent, or child) who lives with you and is physically or mentally unable to care for himself or herself

What's Covered?*

You can use money in the account for services that help you and your spouse work, seek employment, or go to school, such as:

- Licensed day-care providers
- Before- and after-school care for children under 13
- Summer day camps for children under 13
- Care provided in your home
- Non-medical home- or day-care services for eligible disabled child and adult dependents
- Application or placement fees required to obtain dependent care
- Educational expenses (preschool)

What's Not Covered?

Account funds cannot be used to pay for:

- Educational expenses (kindergarten and above)
- Overnight camps
- Food or clothing
- Elder care outside the home

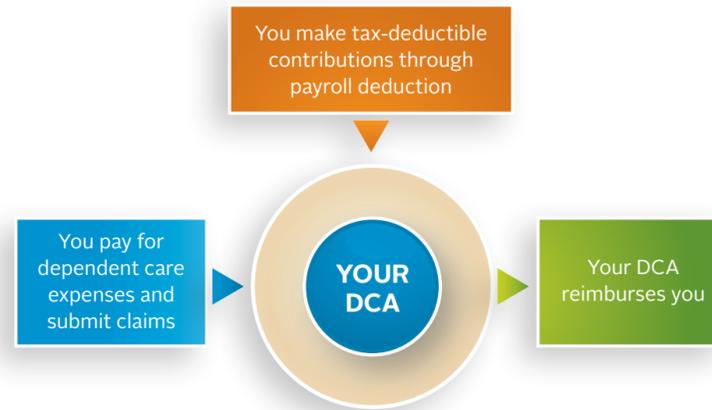
*For a complete list of eligible expenses, please visit www.irs.gov.



Dependent care flexible spending accounts are simple to set up, easy to use, and save you money

You can use your savings for services like day care, after-school care, and even care provided in your home

How Does Your BlueSaver DCA Work?



Using your account is simple and straightforward.

- Once eligible dependent care services have been provided, you can conveniently submit your receipts online to save time
- You can receive fast reimbursement through direct deposit to your checking or savings account

How to Fund Your Account

When you enroll, you choose the amount of money to contribute for the year. Payments are then divided among the pay periods, and money is deducted from each paycheck on a pre-tax basis. It's important to plan your account contributions carefully to make the most of your savings because a DCA has a use-it-or-lose-it rule that applies. Therefore, any remaining funds in your DCA at the end of the plan year must be forfeited.

The amount you can save each year depends on your individual tax situation and circumstances.¹ The Internal Revenue Service has set the current maximum annual amount for dependent care fund contributions at:

- \$5,000 for single heads of household or married couples filing jointly, or
- \$2,500 if married and filing separately.

Although your DCA is a type of flexible spending account (FSA), it's different from other FSAs because it works like a bank account where funds need to be deposited before they can be withdrawn. You only have access to the funds you have contributed to date in the plan year.

¹Consult your tax accountant to find out how the tax deduction applies in the state where you live.



Tax Savings Add Up!

Paying for dependent care services through a DCA not only helps you better manage your costs, it can put more money in your wallet

The Internal Revenue Service sets the maximum annual amount you can contribute to your DCA

How to Manage Your Account

Everything you need to manage your DCA is at ibxpress.com. So in one convenient, central location you can:

- Submit your receipts online
- Sign up to receive email notifications when receipts are paid or denied, or when substantiation is required
- View deposits and transactions

Start Contributing and Start Saving!

One of the significant benefits of your DCA is that your contributions are tax-advantaged and your withdrawals are tax-free. This chart illustrates tax savings that can be generated through a DCA for an employee with a gross income of \$36,000 and annual day-care expenses of \$5,000. Using a 15 percent tax bracket, this employee would have saved **\$1,075** in taxes by contributing to a DCA.

Expense Category	Without DCA	With DCA
Annual Income	\$36,000	\$36,000
DCA Contribution	\$0	-\$5,000
Taxable Income	\$36,000	\$31,000
Estimated Federal Income Tax	-\$5,400	-\$4,650
Total	\$30,600	\$26,350
Social Security & Medicare Taxes	-\$2,341	-\$2,016
Total	\$28,259	\$24,334
Dependent Care Expenses	-\$5,000	\$0
Net Income	\$23,259	\$24,334
DCA Savings	\$0	\$1,075

For more information about the features and benefits of a Dependent Care Flexible Spending Account, visit us at www.ibx.com or call 1-800-ASK-BLUE (1-800-275-2583).

The information in this brochure is not intended to provide legal or tax advice. You should consult with your own legal and/or tax advisor regarding the tax advantages of a spending account.



Everything you need to manage your account is available at ibxpress.com

Tax-advantaged contributions and tax-free withdrawals make DCAs a smart way to save money