



State of Connecticut Dependent Care Assistance Program Plan Summary Fact Sheet

The State of Connecticut recognizes that it has become increasingly difficult to pay for dependent care expenses while you are employed. For this reason the Office of the State Comptroller (OSC), under the provisions of C.G.S. Section 5-264(b), makes the DCAP available to you. The DCAP is a flexible spending account (FSA) that offers significant tax advantages by allowing you to pay qualified dependent care expenses with pre-tax earnings. The State has teamed up with Progressive Benefit Solutions (PBS) to serve as the State's third party administrator.

HIGHLIGHTS OF THE DCAP

ELIGIBILITY

The State of Connecticut DCAP is available to active employees working at least half time (0.5 FTE – Full Time Equivalent). Since the purpose of the DCAP is to help you pay for dependent care expenses while you work, for married individuals, your spouse must also work, be a full-time student or be disabled. Former employees, rehired retirees and employees working less than 0.5 FTE – Full Time Equivalent are not eligible to participate in the plan.

CONTRIBUTION ELECTION

If you are single or married and filing jointly, the maximum amount you can contribute annually is \$5000. If you are married and filing separately, your maximum pre-tax amount will be \$2,500.

The minimum amount you may contribute to the DCAP is \$20 per pay period.

ADVANTAGES OF THE DCAP

The DCAP is a valuable component of the State of Connecticut employee benefit program. Regulated by the IRS, this program lets you pay for eligible dependent care expenses with pre-tax dollars. In other words, the money you deposit into the DCAP will never be taxed. For every dollar set aside in DCAP you can reduce your child care expenses by as much as 30%. To estimate your tax savings see our FSA calculator at www.ctpbs.com.

PROGRAM PARAMETERS

The DCAP can be used to cover expenses for a qualified dependent, defined as

- Child(ren) under age 13 whom you are entitled to claim as dependents on your federal income tax return; and/or
- Participant's spouse or any dependent living in household who is physically and/or mentally incapable of self-care who spends at least eight hours a day in your home

Qualified dependent care expenses include:

- Care at licensed nursery schools, day camps (not overnight camps) and child care centers providing day care.
- Services from individuals - other than you or your spouse's dependent or children under age 19 who provide care in or outside your home.
- Household services related to the care of your qualified dependent provided by a care provider who is responsible for the care of your qualified dependent

Ineligible dependent care expenses include:

- Care provided by your spouse, your child who is younger than age 19 or someone claimed as a dependent on your federal income tax return
- Nursing home or custodial care
- Overnight camps
- Childcare expenses while you are not working
- Schooling expenses for grades kindergarten and higher
- Expenses claimed under the Dependent Care Tax Credit on your federal income tax return

PROGRAM LIMITATIONS

Annual Enrollment

Pursuant to IRS guidelines, you must re-enroll during the annual open enrollment period to participate in the DCAP for the upcoming year. After the annual open enrollment period you can not make any changes to your DCAP unless there is a qualifying family status change. You have 31 days from the effective date of your family status change to modify your DCAP. Such changes must be consistent with your changes in family status, such as:

- Marriage or divorce;
- Birth or adoption of a child;
- Death of a dependent or spouse;
- A child ceases to be an eligible dependent under the Plan (to age 13);
- The beginning or end of your spouse's employment;
- A change from full-time to part-time employment, or vice versa, for you or your spouse
- A leave of absence taken by you or your spouse; and
- A significant change in cost or coverage of your Dependent Care Expense.

If you are out on any leave of absence, including worker's compensation, during the open enrollment period you will have 31 days from your return to work to enroll in DCAP.

Termination

If you terminate employment or cease to be an eligible participant under the plan, your program participation will end. Any amounts taken after termination will be reimbursed on an after-tax basis. Expenses for services rendered after the termination date are ineligible for reimbursement.

Use It or Lose It

The IRS "Use It or Lose It" rule provides that any monies remaining in your DCAP account at the end of the Plan Year (December 31) will be forfeited unless you make a claim for reimbursement no later than March 31st.

ENROLLMENT

To enroll or make a change in the DCAP you must complete a DCAP Enrollment/Change Form during the annual open enrollment period or within 31 days of a qualifying family status change. If you are a current participant you will receive a notification and enrollment form in the mail before the end of the annual open enrollment period. You may also download the form directly from the OSC web site <http://www.osc.state.ct.us/empret/dcapprog/index.html> or the PBS web site www.ctpbs.com or contact PBS at 1-866-906-8023.

CLAIM REIMBURSEMENT

Claim Reimbursement Forms can be downloaded through the PBS web site and must be submitted directly to PBS for reimbursement by mail or through the use of the on-line facility at www.ctpbs.com. You must incur and pay for your dependent care expenses to your care provider before submitting a claim to PBS for reimbursement.

Since DCAP's are regulated by the IRS, participants need to save all receipts and submit them to PBS to verify expenses.

DCAP funds become available as they are deducted from your paycheck and submitted to PBS.

You may choose to receive reimbursements by check or direct deposit. You will be reimbursed up to the amount in your DCAP account at the time of claim processing. If your claim exceeds the amount in your DCAP account, you will be reimbursed for the amount of your balance. As your account is replenished, reimbursements will be issued until your entire claim is paid out. The minimum amount that can be reimbursed at any given time is \$20. Reimbursements are processed on a daily basis.

To request direct deposit of your DCAP, simply access the PBS web site: www.ctpbs.com to enroll in this option.

ADDITIONAL ASSISTANCE

To learn more of the specific requirements of the Dependent Care Assistance Program please access the OSC web site: <http://www.osc.state.ct.us/empret/dcapprog/index.html> or the PBS web site: www.ctpbs.com and click on the Education Center Box. You may also contact PBS toll free at 1-866-906-8023 or by mail at 14 Business Park Drive #8, Branford, CT 06405.