



# State of Connecticut

## Dependent Care Assistance Program (DCAP)

### 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. It is for this reason that 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) which offers significant tax advantages in helping you pay for qualified dependent care expenses. The State has teamed up with Progressive Benefit Solutions (PBS) to serve as the State's third party administrator.

#### **HIGHLIGHTS OF THE DCAP**

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##### **ELIGIBILITY**

The State of Connecticut DCAP is available to all full time 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.

##### **CONTRIBUTION ELECTION**

The maximum pre-tax amount you can contribute annually is \$5,000 if you are single or married and filing a joint income tax return. If you are married and filing an individual tax return your maximum pre-tax amount is \$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. That saves you money on every dollar you set aside. You can save as much as 30% on dependent care expenses by participating. To estimate your tax savings based upon your participation see our FSA calculator at [www.ctpbs.com](http://www.ctpbs.com)

## **PROGRAM PARAMETERS**

The DCAP can be used to covers 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 which provide 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

Dependent care expenses not qualified include:

- Care provided by your spouse, a child of yours younger than age 19 or by a dependent whom you claim 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 are required to re-enroll each year you participate with the DCAP during the annual open enrollment period. Other than the annual open enrollment period you can not make any changes to your DCAP unless you have a qualifying family status change. You have 31 days from the effective date of your family status change to make changes to your DCAP. In addition, any changes in election must be consistent with your changes in family status which include the following:

- 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 ending of your spouse's employment;

- A change from full-time to part-time employment, or vice versa, for you or your spouse
- An unpaid leave of absence taken by you or your spouse; and
- A significant change in cost or coverage to your Dependent Care Expense.

If you are out on any leave of absence including worker's compensation, it is not necessary to enroll during the open enrollment period. Upon return to work, you will have 31 days in which to enroll in DCAP.

### **Use It or Lose It**

The IRS Use It or Lose It rule stipulates that monies remaining in your DCAP account at the end of the Plan Year (December 31) be forfeited unless claimed by March 31 after the end of the Plan Year.

### **Effect On Other Benefits**

Your enrollment in the DCAP may reduce your financial participation in the Deferred Compensation (Section 457), Tax Sheltered Annuities (Section 403(b)), Social Security Entitlement and/or Retirement Benefit Plans. Although this reduction may be minimal, consult with a tax advisor for further details on your potential reduction.

## **ENROLLMENT**

To enroll or make a change in the DCAP you must complete a DCAP Benefit 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 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 [www.osc.state.ct.us](http://www.osc.state.ct.us) or the PBS web site [www.ctpbs.com](http://www.ctpbs.com) or contact PBS at 1-866-906-8023.

## **CLAIM REIMBURSEMENT**

You must first incur and pay for your dependent care expenses to your care provider before submitting a claim reimbursement to PBS for processing. 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](http://www.ctpbs.com).

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

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

Disbursements can be either by check or direct deposit per your choice. 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 to you. The minimum amount that can be reimbursed at any given time is \$20. Reimbursements are processed on a weekly basis.

You can request that your DCAP reimbursements be paid via direct deposit into your account. Simply access the PBS web site: [www.ctpbs.com](http://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: [www.osc.state.ct.us](http://www.osc.state.ct.us) or the PBS web site: [www.ctpbs.com](http://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 23 Maiden Lane, North Haven, CT 06473.

