

# Dependent Care Account

## Whose Expenses Are Eligible

You can use your Dependent Care Account to pay for work-related\* care for your eligible dependents:

- Your qualifying child\* – under the age of 13
- Your spouse, or a qualifying child or relative\* – who is physically or mentally incapable of self care

\* See the tests below to determine if you have a qualifying child or relative.

### Qualifying Child Tests

Answer the following questions for the calendar year covered by your employer's plan year (or the period of time you will be covered under the plan, if less):		
<b>1 Relationship Test</b>	Is the child any of the following: your child, grandchild, stepchild, foster child or adopted child; brother, half-brother or stepbrother; sister, half-sister or stepsister; nephew or niece; or the child or grandchild of any of the relatives listed above?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>2 Residence Test</b>	Will the child reside with you for more than half the calendar year? <i>(Disregard temporary absences due to illness, education, business, vacation, or military service. You must maintain a home for the child during the temporary absence and the child must be expected to return after the absence.)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>3 Age Test</b>	When the dependent care is provided, will the child be under the age of 13? Or, is the child physically or mentally incapable of self care? <i>(If the child is 13 or older and physically or mentally incapable of self care, he/she must regularly spend at least 8 hours a day in your home and not file a joint tax return with his/her spouse for the calendar year.)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4 Support Test</b>	Will the child provide no more than 50% of his/her own support for the calendar year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>5 Not Anyone's Qualifying Child or Relative Test</b>	You (the employee) are not the qualifying child or relative of any other person?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>6 Not Anyone's Qualifying Child or Relative Test (For 2010)</b>	If you are not the child's parent, is your adjusted gross income higher than the adjusted gross income of either of the child's parents?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>7 Citizenship/ Residency Test</b>	Is the child a citizen, national or resident of the US; or a resident of Canada or Mexico? <i>(Exception for adopted child, check Yes even if answer is No.)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>RESULTS</b>	<b>The child appears to be your qualifying child.</b> Check with your tax advisor to be sure.	<b>All = Yes</b>
	<b>The child does not appear to be your qualifying child,</b> but may be a qualifying relative. Take the Qualifying Relative Tests on the next page to find out.	<b>Any = No</b>

**Divorced or separated parents:** Check with your legal or tax advisor to see if special rules apply to you that would enable your child to be claimed by the non-custodial parent or by both parents.

**Tie-breaker:** If two or more parents want to claim the same child as their qualifying child, the person who has the right to is: (1) the parent with whom the child lives with longest in the year – if both people are the child's parents, or (2) the parent with the higher adjusted gross income – if both people are the child's parents and the child lives equally with both during the year.

### Eligible Expenses

A person is determined to be a qualifying child or a qualifying relative on a daily basis. See the discussion and examples on page 2.

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## Whose Expenses Are Eligible

### Qualifying Relative Tests

<p>Answer the following questions for the calendar year(s) covered by your employer's plan year (or the period of time you will be covered under the plan, if less):</p>			
<b>1</b>	<b>Relationship Test</b>	<p>Is the person any of the following: your child, grandchild, stepchild, foster child or adopted child; brother, half-brother or stepbrother; sister, half-sister or stepsister; nephew or niece; the child or grandchild of any of the relatives listed above; your father, grandfather or stepfather; mother, grandmother or stepmother; uncle or aunt; or son-, daughter-, father-, mother-, brother- or sister-in-law? Or, any other person who will reside with you for the entire year (while not in violation of local law)?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>2</b>	<b>Residence Test</b>	<p>Will the person reside with you for more than half the year? <i>(Disregard temporary absences due to illness, education, business, vacation, or military service. You must maintain a home for the person during the temporary absence and the person must be expected to return after the absence.)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>3</b>	<b>Support Test</b>	<p>Will you provide more than 50% of this person's support for the calendar year?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>5</b>	<b>8 Hours A Day Rule</b>	<p>Will the person regularly spend at least eight hours a day in your home?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>6</b>	<b>Joint Tax Return Test</b>	<p>The person will not file a joint tax return with his/her spouse for the calendar year? <i>(Exception for your spouse, check Yes even if answer is No.)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>7</b>	<b>Dependent Not Anyone's Qualifying Child Test</b>	<p>The person is not a qualifying child of another person for the calendar year?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>8</b>	<b>Not Anyone's Qualifying Child or Relative Test (For 2010)</b>	<p>If you are not the child's parent, is your adjusted gross income higher than the adjusted gross income of either of the child's parents?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>9</b>	<b>Employee Not Anyone's Qualifying Child or Relative Test</b>	<p>You (the employee) are not the qualifying child or relative of any other person?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>10</b>	<b>Citizenship/Residency Test</b>	<p>Is the person a citizen, national or resident of the US; or a resident of Canada or Mexico? <i>(Exception for adopted child, check Yes even if answer is No.)</i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>RESULTS</b>		<p><b>The person appears to be your qualifying relative.</b> Check with your tax advisor to be sure.</p>	<b>All = Yes</b>
		<p><b>The person does not appear to be your qualifying relative.</b> Check with your tax advisor to be sure.</p>	<b>Any = No</b>

**Divorced or separated parents:** Check with your legal or tax advisor to see if special rules apply to you that would enable your child to be claimed by the non-custodial parent or by both parents.

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## Whose Expenses Are Eligible

### Eligible Expenses

**A person is determined to be a qualifying child or a qualifying relative on a daily basis.** You can use your Dependent Care Account to pay for eligible dependent care services provided for a qualifying child or relative during your coverage period – as long as the services are provided on days the dependent is a qualifying child or relative.

*Example: Your employer's plan year runs from 7/1/2009 to 6/30/2010 and you will be covered for the entire plan year. Your daughter is a qualifying child until her 13<sup>th</sup> birthday on 3/1/2010, but is not a qualifying child or relative as of 3/1/2010. The dependent care services provided for your daughter between 7/1/2009 and 2/28/2010 are eligible to be paid from your account. The dependent care services provided for your daughter on 3/1/2010 and later are not eligible because she is not a qualifying child or relative at the time the services are provided. The same example applies for a qualifying relative who becomes capable of self care on 3/1/2010. If your employer's plan allows all federally-recognized changes, both events (your daughter's 13<sup>th</sup> birthday and a person ceasing to be a dependent) are qualified change events that will allow you to decrease your election or cancel your enrollment in the Dependent Care Account.*

### Disclaimer

Copyright © 2009. This information is provided for illustrative purposes only and should not be construed as legal or tax advice. You should consult with a professional advisor regarding your personal situation. The above definitions are effective January 1, 2010 and are the result of recent changes in the tax law. These tests assume the employer's plan defines dependents with reference to Code 105(b)(as amended), and may be further changed by law.

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