

DEPENDENT CARE WORKSHEETS

ESTIMATE YOUR SAVINGS

The following worksheets allow you the opportunity to compare the potential tax savings available through the Dependent Care Reimbursement Account vs. Federal Income Tax Credit. The general rule of thumb is that if your adjusted gross family income exceeds approximately \$39,000 to \$41,000, you will receive a greater tax savings through the Dependent Care Reimbursement Account. The tax credit applies to federal taxes while the Dependent Care Reimbursement Account saves you federal income taxes, state and local income taxes, and Social Security (FICA) taxes. You are encouraged to discuss the DCRA with a tax expert to determine the method which best serves your needs. The better "value" must also consider number of dependents, amount of dependent care expenses, your Adjusted Gross Income, and the effect of state and local tax laws.

Federal Income Tax Credit Worksheet			
1. The amount of expenses for dependent care (cannot exceed your income or that of your spouse, whichever is less)		\$ _____	
2. Maximum expenses eligible for tax credit (\$3,000 for one dependent; \$6,000 for more than one dependent)		\$ _____	
3. Estimated Adjusted Gross Income for you (and spouse if applicable)		\$ _____	
4. Percentage from table below based on Adjusted Gross Income		_____ %	
5. Estimated tax credit (multiply line 4 by the smaller of line 1 or line 2)		\$ _____	
Adjusted Gross Income	Percentage	Adjusted Gross Income	Percentage
Up to \$15,000	35%	\$29,001 - \$31,000	27%
\$15,001 - \$17,000	34%	\$31,001 - \$33,000	26%
\$17,001 - \$19,000	33%	\$33,001 - \$35,000	25%
\$19,001 - \$21,000	32%	\$35,001 - \$37,000	24%
\$21,001 - \$23,000	31%	\$37,001 - \$39,000	23%
\$23,001 - \$25,000	30%	\$39,001 - \$41,000	22%
\$25,001 - \$27,000	29%	\$41,001 - \$43,000	21%
\$27,001 - \$29,000	28%	\$43,001 and Over	20%

Dependent Care Reimbursement Worksheet

1. The amount of deposit to your Dependent Care Reimbursement Account (must not exceed your income, your spouse's income, or \$5,000 or \$2,500, if married and filing a separate return) \$ _____
2. Your Federal Tax Rate from the table below (using combined income for you and your spouse) _____%
3. Social Security tax rate:
 - Enter 7.65% for earnings up to \$84,900* (2002 limit) _____%
 - Enter 1.45% for earnings over \$84,900* (2002 limit) _____%
4. State and City tax rate** _____%
5. Total tax rate savings (line 2 + line 3 + line 4) _____%
6. Estimated tax savings (multiply line 5 by line 1) \$ _____

The table amounts are based on Adjusted Gross Income (after exemptions and deductions). Do not confuse Adjusted Gross Income with gross income. NOTE – Based on 2002 Federal Income Tax Rates

Federal Tax Rate	Single	Married Filing Jointly
15%	Up to \$27,950	Up to \$46,700
27%	\$27,951 - \$67,700	\$46,701 - \$112,850
30%	\$67,701 - \$141,250	\$112,851 - \$171,950

**This amount is adjusted annually by the Federal Government.
 **Deposits to your Dependent Care Reimbursement Account are generally exempt from state and city taxes. This exemption is dependent, however, on the state and city in which you reside.*

If line 6 on the Dependent Care Reimbursement Account Worksheet is larger than line 5 on the Federal Income Tax Credit Worksheet, then the Dependent Care Reimbursement Account can be expected to provide you a greater tax savings than the tax credit.

If your contributions to your Dependent Care Reimbursement Account are less than the amount of your actual dependent care expenses, you may, based on income, be able to use the Federal Income Tax Credit for the balance, however, the total amount of your expenses reimbursed under the plan and those claimed on the Tax Credit cannot exceed the limits set forth in the Tax Credit (\$3,000/\$6,000).