

2009 DEPENDENT CARE ESTIMATION WORKSHEET

Dependent care expenses up to \$5,000 a year (\$2,500 a year if you are married and file a separate return) may be paid before taxes from a dependent care reimbursement account, or up to \$6,000 in expenses may be used to generate a dependent tax credit on your federal income tax return. This worksheet should help you decide which method of paying dependent care expenses is better for you. Please note that the maximum of \$5,000.00 is per household.

REIMBURSEMENT ACCOUNT	YOU	JOHN AND JANE DOE
☛ 1. (a) Total annual family adjusted gross income before taxes	\$	\$76,000.00
☛ (b) Estimated cost of dependent care for the upcoming year (not to exceed \$5,000)	\$	\$5,000.00
☛ (c) Tax bracket (see table on reverse)	%	32.65%
☛ (d) Tax Savings (multiply expenses in item (b) by the percentage in item (c))	\$	\$1,632.50
TAX CREDIT		
☛ 2. (a) Enter the amount in item 1(b) (not to exceed \$3,000 for one child or \$6,000 for 2 or more children)	\$	\$6,000.00 (2 children)
☛ (b) Tax credit percentage (see table on reverse)	%	20%
☛ (c) Tax Credit (multiply amount in item (a) by the percentage in item (b))	\$	\$1,200.00
COMPARISON		
☛ Subtract item 2(c) from item 1(d) (if result is positive you may wish to consider using the reimbursement account)	\$	\$432.50
ELIGIBLE EXPENSES		
<p>Expenses incurred for the care of dependents under age 13, or disabled or elderly dependents who spend at least 8 hours per day in your home are eligible for favorable tax treatment, if the expenses are custodial (not educational) in nature and are incurred in order for you (you and your spouse if you are married) to work at gainful employment. The services may be provided inside or outside your home, but if the services are provided outside your home by a facility which cares for seven or more children, such facility must be a qualified day care center that meets all local and state regulations governing such facilities.</p>		

2009 TAX RATES

	<u>TOTAL ANNUAL FAMILY ADJUSTED GROSS INCOME</u>	<u>ESTIMATED INCOME AND SOCIAL SECURITY TAX BRACKET</u>
<u>SINGLE</u>	Up to \$10,400.....	17.65%
	\$10,401 to \$35,400.....	22.65%
	\$35,401 to \$84,300.....	32.65%
	\$84,301 to \$106,800.....	35.65%
	\$106,801 to \$173,600.....	29.45%
	\$173,601 to \$375,000.....	34.45%
	\$375,001 and above.....	36.45%
 <u>MARRIED</u>	 Up to \$23,950.....	 17.65%
	\$23,951 to \$75,650.....	22.65%
	\$75,651 to \$106,800.....	32.65%
	\$106,801 to \$144,800.....	26.45%
	\$144,801 to \$216,600.....	29.45%
	\$216,601 to \$380,700.....	34.45%
	\$380,701 and above.....	36.45%

2009 DEPENDENT CREDIT

<u>TOTAL ANNUAL FAMILY ADJUSTED GROSS INCOME</u>	<u>TAX CREDIT</u>
Up to \$15,000.....	35%
\$15,001 to \$17,000.....	34%
\$17,001 to \$19,000.....	33%
\$19,001 to \$21,000.....	32%
\$21,001 to \$23,000.....	31%
\$23,001 to \$25,000.....	30%
\$25,001 to \$27,000.....	29%
\$27,001 to \$29,000.....	28%
\$29,001 to \$31,000.....	27%
\$31,001 to \$33,000.....	26%
\$33,001 to \$35,000.....	25%
\$35,001 to \$37,000.....	24%
\$37,001 to \$39,000.....	23%
\$39,001 to \$41,000.....	22%
\$41,001 to \$43,000.....	21%
\$43,001 and above	20%

Eligible dependent care expenses may not exceed the earnings of the lower-paid spouse. In the case of a spouse who is a full-time student at an educational institution or is physically or mentally incapable of caring for him/herself, such spouse shall be deemed to have earned income of not less than \$250 per month if the Participant has one Dependent, and \$500 per month if the Participant has two or more Dependents in accordance with Section 21(d)(2) of the Code.