



WHY DO I NEED...



# A Dependent Care Expense Account (DCEA)?



## WHAT IS IT?

A **Dependent Care Expense Account (DCEA)** allows you to use tax-free dollars to pay for qualified child day care or adult day care expenses.



## WHAT IS IT USED FOR?

The funds in a DCEA are for out-of-pocket expenses like nursery school, child day care, before/after school care, and care for adult dependents. The expenses must be incurred to allow you to work, and your spouse to work, look for work or attend school. You cannot use the funds in a DCEA for any medical purchases or services for your family. For that, you will need to make a separate election for a Medical/Dental Expense Account (MDEA). See the DCEA Worksheet for more information on what account funds can be used for.



## HOW DO I SAVE MONEY?

A DCEA gives you the ability to set aside money, tax free, from your paycheck to put towards caring for your children and any adult dependents in your care.

### TAX SAVINGS EXAMPLE

You spend \$5,000 on day care each year. By enrolling in a Dependent Care FSA, you could save upwards of \$1,500.\*

#### EXAMPLE SAVINGS CALCULATION

$\$5,000 / \text{year} \times 25\% \text{ tax rate} = \$1,250 / \text{year}$   
in savings\*

### CALCULATE YOUR SAVINGS

Annual Election x Tax Rate = Annual Savings

\$ \_\_\_\_\_ x \_\_\_\_\_ % = \_\_\_\_\_

\*For illustration purposes only. Individual tax rates and maximum limits apply.



## WHY DO I NEED THIS PLAN?

A DCEA is a financial tool used to reduce the cost of child and adult dependent care. With it, you set aside pre-tax money from your paycheck to put toward services you are already paying for. Ultimately, a DCEA is just one more savings tool. For medical expenses for a dependent, you can enroll in a MDEA with a separate election to receive pre-tax savings on those expenses.



## HOW DO I ENROLL?

Open enrollment for your 2024 insurance benefits is **Thursday, October 26th** through **Wednesday, November 15th**. Go to: [mn.gov/selfservice](https://mn.gov/selfservice) and click on the "Open Enrollment" tile. There, you will find complete instructions for enrollment in your 2024 benefits.



Visit [BenefitResource.com/state-of-minnesota](https://BenefitResource.com/state-of-minnesota) to access all State of Minnesota pre-tax benefit plan materials, including plan documents, Open Enrollment materials, forms, videos, and more!

