

ELECTION FORM FOR PRE-TAX DEFERRALS

Eligibility

You are eligible to contribute to the DCA FSA if you are eligible for benefits under the U.A. Local No. 393 Health and Welfare Plan, and

- You and your spouse need childcare or other qualified dependent care while you both work or look for work, or
- Your spouse is a full-time student or incapable of self-care.

If your spouse is unemployed and has no source of income, you should not enroll in this Plan.

See the FAQs on page 2 for more information.

Limits

The IRS Contribution Limits are the **lesser** of:

- \$5,000 per Plan Year (January 1 to December 31)
 - This is reduced to \$2,500 if you are married but file separate tax returns.
- Your total earned income
- Your spouse's total earned income*
 - *If your spouse is incapable of self-care or is a full-time student and*
 - *you claim one dependent, your spouse's earned income is considered to be \$250/month.*
 - *you claim two+ dependents, your spouse's earned income is considered to be \$500/month.*

Warning

This is a **use it or lose it benefit**. You should think carefully about your under-13 childcare needs before enrolling. The IRS requires that all money contributed to your DCA FSA in a Plan Year (January 1 – December 31) be used in the Plan Year or the Grace Period (through March 15th of the following year). Any monies remaining in your DCA FSA at the end of the Grace Period are forfeited to the Plan. See FAQs on page 2 for more information.

Election

[] I hereby **elect to participate** in the U.A. Local No. 393 Dependent Care Assistance Flexible Spending Account Plan for the upcoming calendar year. I authorize my employer/employers to withhold from my wages each pay period as follows: **(check one)**

[] **\$3.00**

[] **\$2.00**

[] **\$1.00 (required for participants who are married but file separate tax returns)**

for each hour of covered employment for which I am paid. My total withholding during the upcoming calendar year may not exceed the Limits above. The withholding will become effective with hours worked commencing January 1st. This election shall apply to all signatory employers that I may work for in the upcoming calendar year. The rate deferred per hour of covered employment for which I am paid will be proportional to the type of work. For example, if I elect \$3/hour of covered employment for which I am paid and I work double-time, then the contribution rate will be \$6/hour of covered employment for which I am paid.

[] I participated in the U.A. Local No. 393 Dependent Care Assistance Flexible Spending Account Plan this year and I **ELECT NOT** to participate in the upcoming calendar year.

Print Name _____ Last Four Digits of SSN _____

Signature _____ Date _____

Current Employer _____

FREQUENTLY ASKED QUESTIONS

This FAQ is intended to assist employer bookkeepers and payroll departments with processing contributions to the U.A. Local No. 393 Dependent Care Assistance Flexible Spending Account Plan.

What is a Dependent Care Assistance Flexible Spending Account Plan (DCA FSA)?

A DCA FSA is a pre-tax benefit account used to pay for eligible dependent care services, such as preschool, summer day camp, before or after school programs and daycare for your child who is under age 13. It can also be used to pay for care for your spouse or a relative who is physically or mentally incapable of self-care and lives in your home. It's a smart, simple way to save money while taking care of your loved ones so that you can continue to work. The IRS determines which expenses can be reimbursed by the DCA FSA.

What type of Plan is the U.A. Local No. 393 Dependent Care Flexible Spending Account Plan?

The U.A. Local No. 393 Dependent Care Plan is a cafeteria plan that is a separate written plan that meets the specific requirements and regulations of section 125 of the Internal Revenue Code. It provides participants with the opportunity to pay for eligible dependent care (while they are working or looking for work) on a pre-tax basis.

What taxes are owed on contributions to the DCA FSA?

Generally, qualified benefits under a cafeteria plan are not subject to FICA, FUTA, Medicare Tax or income tax withholding. The contributions are also excluded from California State taxes. See California Employment Development Department Form DE231EB. The Trustees of the Plan cannot provide tax advice and you should of course consult your own tax advisor.

How does the DCA FSA Work?

An employee will complete an enrollment form at the Union Hall which will specify the hourly amount that should be deducted from their taxable wages. The annual limits on contributions are the lesser of:

- \$5,000 per Plan Year (January 1 to December 31) but note that this is reduced to \$2,500 if the employee is married but files separate tax returns
- The employee's total earned income
- The employee's spouse's earned income (certain exceptions apply if the spouse is disabled or a full-time student)

How Do I Report the Contributions to the U.A. Local No. 393 Dependent Care Plan on the Employee's W-2 and What Happens if an Employee's Annual Contributions Exceed \$5,000?

An employee can generally exclude from gross income up to \$5,000 of benefits received under a dependent care assistance program each year. The limit is reduced to \$2,500 for married employees filing separate returns. The exclusion cannot be more than the earned income of either the employee or the employee's spouse. The total dependent care benefits the employer paid to the employee or incurred on the employee's behalf (including amounts from a section 125 plan) should be reported in Box 10 of Form W-2. Any amount over \$5,000 should be included in Boxes 1, 3, and 5, as "wages," "social security wages" and "Medicare wages." See Publication 535 and 15-A for additional information.