

## Dependent Care Qualifications

A Section 125 Cafeteria Plan allows for the inclusion of Dependent Care (Section 129 of the Internal Revenue Code) benefits. Eligibility for the dependent care benefit requires that certain criteria be met with respect to the expense, to the provider, and to the benefit eligibility amount.

- A. The dependent care expenses must be work related. The care must be necessary in order for the Participant and the Participant's spouse to work, to look for work, to attend school full-time, or if the Participant is physically unable to care for their children.
- B. The dependent care expenses provided during a calendar year cannot exceed \$5,000. In the case of a married individual filing a separate tax return, the limit is \$2,500. This amount may be less if the Participant's earned income or spouse's earned income is less than \$5,000.

The dependent care expenses must be for the care of one or more qualifying persons. A qualifying person is one of the following:

- A. A dependent who was under age 13 when the care was provided and for whom an exemption can be claimed.
- B. A spouse who was physically or mentally unable to care for himself or herself.
- C. A dependent who was physically or mentally unable to care for himself or herself and for whom an exemption can be claimed.