

Dependent Care Assistance Program (DCAP) – A Tax-Saving Tip for Household Employers

A major concern for families today is how to provide dependent care for family members while family providers are at work. Companies may deduct expenses from an employee's salary to assist the employee with his or her dependent care obligations. The dependent care tax credit also helps families with lower household incomes.

Household employers can access Dependent Care Assistance Program (DCAP) information at their company's human resources department. The DCAP may allow up to \$5,000 in pre-taxed earnings per year to be set aside for child care or eldercare. This is especially important if the family has undergone a change of life experience (i.e. the birth of a new baby) that might affect its eligibility for the program. There are specific DCAP open enrollment periods during which to apply.

A household employer can learn more through his or her company's HR department.