

State of California

M E M O R A N D U M

To: Personnel Management Liaisons

Date: November 22, 1988  
Reference No: 88-101

**DISTRIBUTE THIS MEMORANDUM IMMEDIATELY TO ALL PERSONNEL OFFICES**

From: Department of Personnel Administration

Subject: Dependent Care Reimbursement Accounts

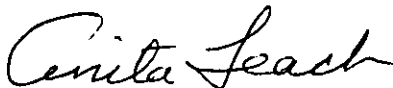
This is to inform all Personnel Officers/Personnel Office staff that there have been changes in the law regarding Dependent Care Reimbursement Accounts offered through FleXelect and Care/Elect. This law, enacted by President Reagan, titled the "Family Support Act of 1988" (H.R. 1720), is effective January 1, 1989. The changes are:

1. The amount you contribute to a Dependent Care Reimbursement Account will reduce, dollar-for-dollar, the amount of the federal/state income tax credit that would otherwise be available to you on your annual tax return. For example, an employee receiving \$4,800 or more in a single plan year under a dependent care reimbursement account will not be eligible to use the annual dependent care tax credit for that same year.
2. You may claim the dependent care tax credit or use the dependent care reimbursement account for nondisabled children under the age of 13. The old law provided a tax credit or the use of reimbursement account for nondisabled children under the age of 15.
3. If you use the dependent care reimbursement account or claim the annual dependent care tax credit, you must provide the name, address, and tax identification number or social security number of the dependent care provider on your annual income tax return; unless the provider is a tax-exempt organization.

Employees who have elected to participate in the Dependent Care Account (FleXelect or Care/Elect) will be given an opportunity to either cancel or change their original dependent care deduction. Employees have been instructed to submit their forms to their Personnel Office by December 13, 1988.

Corrected enrollment forms must be submitted to the State Controller's Office (SCO) by December 16, 1988, to be effective on the January 1, 1989, warrant. Enrollment forms dated by December 16, 1988, but received by SCO after that date will be reflected on the February warrant.

If you have any questions regarding the FleXelect and Med/Care/Elect Programs, please contact Blanche Harbridge-Wright at (916) 324-9486.



Anita G. Leach, Chief  
Benefits Division

AGL:pm

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