

IRC Section 129 Dependent Care Assistance Plan FSA Helps Employees with Child Daycare Expenses by Reducing Payroll Taxes

Employees can set aside up to \$5,000 annually in pre-tax salary deductions to pay for dependent care necessary for the employee to work or attend school.

BRADENTON, FL, UNITED STATES, December 10, 2024 /EINPresswire.com/ -- As the cost of childcare continues to rise, many working parents are struggling to balance their work and family responsibilities. In an effort to alleviate this financial burden, the [Internal Revenue Code \(IRC\) Section 129 Dependent Care Assistance Plan](#) or DCAP Flexible Spending Account (FSA) has been implemented to help employees with child daycare expenses by reducing payroll taxes.



With the Core DCAP FSA employees save up to \$2,000 and employers save \$382 per employee in payroll taxes on tax-free daycare expenses."

Gene Ennis

The [IRC Section 129 Dependent Care Assistance Plan FSA](#) allows employees to set aside pre-tax dollars from their

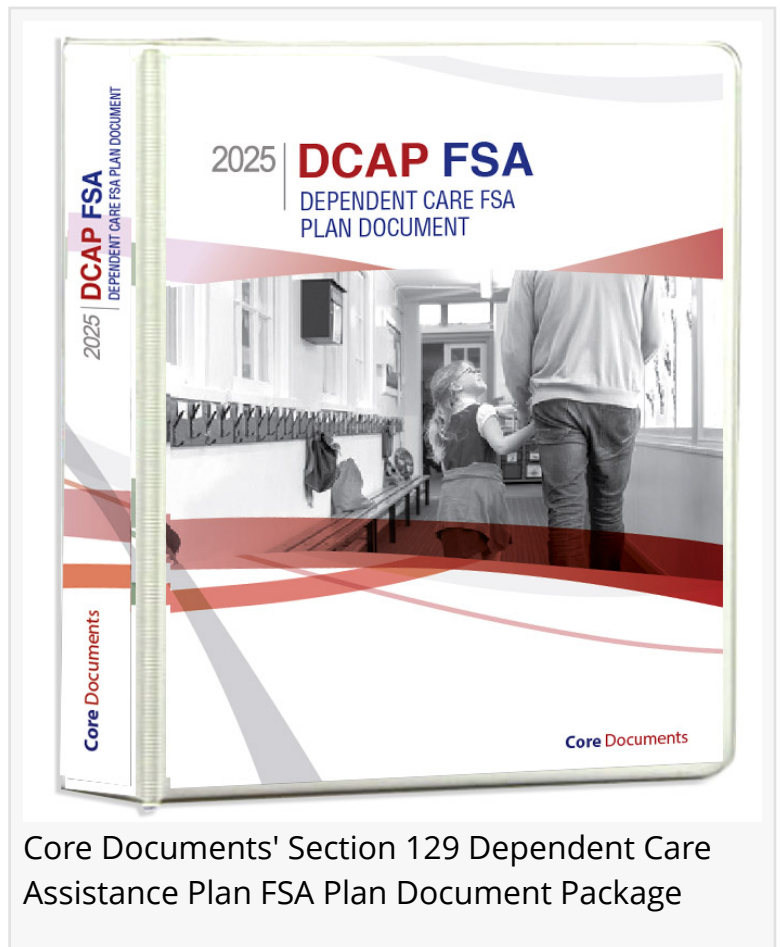
paychecks to cover eligible childcare expenses. This includes expenses such as daycare, preschool, before and after school care, and summer day camps. By utilizing this benefit, employees can save up to 30% on their childcare expenses, as the money is deducted from their paychecks before taxes are applied.

This plan not only benefits employees, but also employers. By offering the IRC Section 129 Dependent Care Assistance Plan FSA, employers can attract and retain top talent, as well as increase employee satisfaction and productivity. Additionally, employers can save on payroll taxes as the amount contributed by employees is not subject to federal income tax, Social Security tax, or Medicare tax.

According to the Society for Human Resource Management, only 10% of employers currently offer the IRC Section 129 Dependent Care Assistance Plan FSA to their employees. However, with the rising cost of childcare and the potential for tax savings, more and more employers are expected to adopt this benefit. It is a win-win situation for both employees and employers, providing financial relief for working parents and tax savings for businesses.

In conclusion, the IRC Section 129 Dependent Care Assistance Plan FSA is a valuable benefit that can greatly assist employees with their child daycare expenses by reducing payroll taxes. Employers who offer this benefit are not only helping their employees, but also reaping the benefits of increased employee satisfaction and tax savings. As the cost of childcare continues to be a major concern for working parents, the implementation of this plan can make a significant difference in their financial well-being.

Establishing a Section 129 Dependent Care Assistance Plan FSA will not only benefit employees but also help employers attract and retain top talent. The modification to the employee benefit package is a win-win for both parties and is a significant step towards addressing the issue of affordable childcare in the country.



Core Documents' Section 129 Dependent Care Assistance Plan FSA Plan Document Package

Employers interested in offering the Section 129 Dependent Care Assistance Plan FSA often turn to experienced consultants at [Core Documents](https://www.coredocuments.com) in Bradenton, FL. Core Documents is the nation's leading provider of affordable plan documents for tax-free employee benefits to over 70,000 clients in 27 years.

The Internal Revenue requires employers to establish a written plan and communicate the terms of the DCAP FSA plan to eligible employees. The Core Documents' Section 129 DCAP FSA Plan Document Package includes five sections: 1) Resolution to Adopt the DCAP, 2) DCAP Plan Document, 3) DCAP Employee Summary Plan Description (SPD), 4) DCAP Forms, and 5) a DCAP Administration Guide for just \$179 in PDF email version.

The owner of Core Documents, Gene Ennis, has 40 years of experience in the employee benefits industry. He's held Certification in Flexible Compensation (CFC), a 218 life and health insurance license, a third-party administrator's (TPA) license, where he administered millions of dollars in ERISA self-funded health plans, a Professional Employer Organization (PEO) license, and a PEO Controlling Person's license, administering payroll and benefits for 500 worksite employees. He has owned and operated Core Documents since 1997. During that time, he has custom-designed and implemented over 70,000 HRAs, Section 125 Premium Only Plans, Health FSAs, Dependent Care Assistance Plan FSAs, and Wrap SPD plans for clients all over the United States.

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