OLD DOMINION UNIVERSITY
Research Foundation

Dependent Care

Flexible Spending Plan

Plan Year
7/1/2025 – 6/31/2026

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Old Dominion University Research Foundation
Welcomes YOU!

We are pleased to offer to all eligible employees a *Flexible Spending Plan*

Joining the Plan is Easy!

- You can join the Plan when you are first eligible or during the Open Enrollment period.
- Pay with tax-free dollars deducted from your pay before taxes are calculated! Since these dollars are free from federal, state and FICA tax, your **taxable** income is decreased while your **spendable** income is increased. Because your contribution to Social Security is slightly reduced, this may result in a lower benefit at retirement, so you may wish to set aside some of the tax savings in a retirement plan.
- Simply complete the Election Form to participate. This allows ODU Research Foundation to set aside enough of your compensation for Dependent Care benefits. These amounts are deducted each pay period on a pro rata basis over the Plan Year.
- Current IRS rules require that you make your benefit elections prior to the beginning of the Plan Year during the Open Enrollment period immediately preceding the Plan Year.
- Benefit elections may only be changes with a change in status such as: marriage, birth, adoption, or a change in your, your spouse's, or your dependent's employment status. See your Summary Plan Description for more information regarding midyear changes.
- ODU Research Foundation has established a minimum of $120.00 per Plan Year, and you can set aside up to $5,000 per year, or $2,500 if you are married filing separately. *Since the goal of the plan is to provide a greater tax savings than you would receive on your tax return, we recommend you compare the tax credit you receive against the Federal, State and FICA tax savings enjoyed under the plan.*

Your Plan, Your Benefits!

There are two parts to your cafeteria plan in which your tax-free dollars are directed.

Insured Benefits

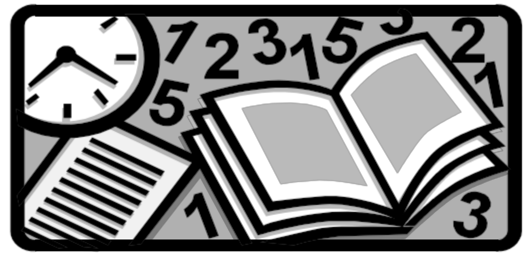
Medical and Dental Insurance are your insured benefits. Your share of the cost is deducted from your pay on a pre-tax basis and sent off to the insurance companies in payment of the premiums. If you do not wish to pre-tax your cost of insured benefits you must request a waiver form.

Dependent Care Reimbursement

You may use this account to pay the dependent care expenses necessary for you (and if you are married, your spouse) to work. These are the same types of dependent care expenses for which you can receive a tax credit. However, the tax savings from using the Dependent Care Account generally exceed the tax credit. A chart provided in the back of this booklet will allow you to compare your tax savings under this plan against the year-end credit.

The Reimbursement Account Process:

What is it and how does it work?



Dependent Care Reimbursement Account

Through this account, you may pay the dependent care expenses necessary for you (and if you are married, your spouse) to work, up to $5,000 per year or $2,500 per year if you are married filing separately. Expenses qualify only if they do not exceed the lower of your income or your spouse's income. However, if your spouse is a student or is incapable of caring for himself/herself, the spouse will be considered as having as much as $400 per month income. By using this account, you will reduce on a dollar-for-dollar basis, the amount available under the year-end tax credit for dependent care.

You must indicate the name, address and taxpayer ID number of the person or facility providing the care on your income tax return, whether you use the year-end income tax credit or the Reimbursement Account.

IRS rules require that you submit to your plan recordkeeper, ODU Research Foundation, an ***independent third party statement that*** you have incurred an eligible expense. Participants must submit fully itemized bills, receipts or contracts for the amount claimed that include:

- the dependent's name
- the type of service provided ("child care")
- the period in which the service was rendered
- the name, address and taxpayer ID number of the individual or organization providing the service
- signature of the care provider

Each payday an amount equal to your total reimbursement request divided by the number of paydays will be reduced from your pay and credited to your Reimbursement Account. Your account is debited to reimburse you for eligible expenses as requested. No Dependent Care reimbursements will be made that would reduce your account balance below zero. If you submit a Dependent Care Reimbursement Request that exceeds your account balance, you will automatically receive a reimbursement check each subsequent pay period until you have been fully reimbursed, up to the annual amount you have elected.

When you have incurred an eligible expense, you simply forward your third-party statement to ODU Research Foundation along with a signed Reimbursement Request Form. Claims are due four (4) days before payday. This is the same day that time sheets are due for hourly employees. Reimbursement checks will be mailed to your payroll address within five working days following each payday.

Remember that the reimbursable services must be rendered within the Plan Year (7/1/2025 through 6/30/2026) and that expenses are reimbursable only after the service has been provided. Expenses cannot be reimbursed prior to the date of service, regardless of when payment was made.

If you use the Dependent Care Reimbursement Account, these expenses will offset the year-end credit on your income tax return on a dollar-for-dollar basis. For example, if you are a single parent and use $2,000 from your Dependent Care Reimbursement Account to pay for your child's daycare bill of $3,000, you may only claim $1,000 in expenses toward the tax credit. This is because the maximum qualifying expense amount under the tax credit is $3,000 and you cannot use that credit for expenses reimbursed under the Dependent Care Reimbursement Account.

Remember: Using the Reimbursement Account saves you federal, state and FICA taxes on expenses that you have to pay anyway!

WHAT'S IN IT

FOR ME??

Let's review how this impacts an employee with combined insurance premiums of $20.00 per pay and $120.00 per pay for daycare for her child.

	Without Cafeteria	**With Cafeteria**
Gross Pay:	$800.00	$800.00
Pre-tax:		
Insurance Premiums	-	20.00
Dependent Care Account	-	120.00
Taxable Income:	$800.00	$660.00
Taxes and Taxable Deductions:		
Federal	$120.00	$99.00
State	46.00	37.95
FICA	61.20	50.49
After Tax Expenses:		
Insurance Premiums	$20.00	-
Dependent Care Expenses	100.00	-
Net Spendable	**$432.80**	**$472.56**

THE CAFETERIA PLAN DIFFERENCE:

$39.76 per pay, or $1,033.76 per year!

(Your own tax savings will vary depending upon your tax brackets, number of exemptions and benefit selections.)

DEPENDENT CARE ASSISTANCE PLAN

Qualifying Dependent Care Expenses

Under the Plan you will be reimbursed only for dependent care expenses meeting all of the following conditions:

- The expenses are incurred for services rendered after the date of this election and during the plan year to which it applies.
- Each individual for whom you incur the expense is
  - A dependent under age 13 whom you are entitled to claim as a dependent on your federal income tax return, or
  - A spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself. (Special

  rules apply in certain circumstances where non-custodial parents are entitled to claim the individual as a dependent.)
- The expenses are incurred for the care of a dependent described above, or for related household services, and are incurred to enable you to be gainfully employed.
- If the expenses are incurred for services outside your household, they are incurred for the care of a dependent who is described above, or for the care of a dependent who regularly spends at least 8 hours per day in your household.
- If the expenses are incurred for services provided by a dependent care center (i.e., a facility that provides care for more than 6 individuals not residing at the facility), the center complies with all applicable state and local laws and regulations.
- In most states, kindergarten is considered an educational expense, rather than custodial care, and it therefore may not be claimed under this Plan.
- If the expenses are incurred for services provided by a camp, the dependent does not stay overnight at the camp.
- The expenses are not paid or payable to a child of yours who is under age 19 at the end of the year in which the expenses are incurred, or to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.
- The reimbursement (when aggregated with all other reimbursements received by you under the plan during the same year) may not exceed the least of the following limits:
  - $5,000 ($2,500 if you do not certify that (a) you will file a joint federal income tax return for the year with your spouse or (b) you are not married.) If you are married to another participant in the Plan and file a joint federal income tax return, a single $5,000 limit applies to both you and your spouse.
  - Your taxable compensation (after the reduction agreed to for dependent care assistance.)
  - If you are married, your spouse's actual or deemed income. Your spouse will be deemed to have earned income of $250 ($500 if you have two or more dependents), for each month in which your spouse is either physically or mentally incapable of caring for himself or herself, or a full-time student at an educational institution.

  Note: Certain spouses are not treated as married.
- The provider of the dependent care services has reported to you the information required on Form W-10 and will report such information in their federal income tax return filed for the period of coverage.