

Creating the Budget, Exercise 10, DCAP (Chapter 7)

If you have dependent care needs, you need to determine what the option is either for daycare other types of dependent care. The typical rule is that if you are in the 15% tax bracket you are better off with using a DCAP rather than taking the tax deduction. If a DCAP applies to you run the 12-month budget exercise to determine the monthly cost and then determine how much that you can use in the DCAP. While, the pretax income will lower overall income it will provide more money in your overall disposable income. Perform the same exercise as you did for the FSA to determine the new take home paycheck.

If you need daycare . . .

You will need to determine the amount of projected days for the year; *refer to Chapter 3, Section 3.3*. Search on the Internet for local daycare centers and obtain three estimates for cost and also determine if there is any registration fee.

As with leasing an apartment or owning a home consider that where you live is what really determines the cost. So you may consider finding a facility outside of major city limits to reduce the expense. Consider at least three options in your search before you narrow it down to one.

Facility Name	App Fee	Daily Rate	Location

Next determine the average monthly amount and then run the **12-month Budget Exercise** to see if you need added cash.