

**HOPE COLLEGE
EMPLOYEE BENEFIT PLAN**

**WORKSHEET FOR ESTIMATING TAX SAVINGS
FOR DEPENDENT CARE EXPENSES**

This worksheet will help you estimate your possible tax savings using the dependent care reimbursement account or the optional dependent care tax credit.

**TAX SAVINGS WITH
DEPENDENT CARE REIMBURSEMENT ACCOUNT**

1. Enter the amount you would deposit for the year in your account (maximum is \$5,000) to reimburse your dependent care expenses \$ _____

2. Estimate your taxes by adding:
 - a) Marginal Federal Tax Bracket
(combine your income & your spouse's to determine % in Table I) _____ %

 - b) Marginal State Tax Rate (Michigan 4.35%) _____ %

 - c) Social Security Tax _____ %

 - d) Local Tax Rate _____ %

Total Taxes (add a, b, c, and d) _____ %

3. Estimated tax savings (multiply line 1 by line 2) \$ _____

**OPTIONAL TAX CREDIT
FOR DEPENDENT CARE EXPENSES**

1. Enter the amount you pay annually for dependent care \$ _____

2. Enter maximum expense eligible for Federal Tax Credit (\$3,000 for one child; \$6,000 for more than one child) \$ _____

3. Estimated total income for you and your spouse \$ _____

4. Percentage from Table II _____ %

5. Estimated Tax Credit (multiply line 4 by the smaller of line 1 or 2) \$ _____

TABLE I

a) Marginal Federal Income Tax Rates - 2007:

FILING STATUS/TAXABLE INCOME	RATE	FILING STATUS/TAXABLE INCOME	RATE
<i>Single individuals:</i>		<i>Married filing separately:</i>	
Not over \$8,025	10%	Not over \$8,025	10%
Over \$8,025 to \$32,550	15%	Over \$8,025 to \$33,550	15%
Over \$33,500 to \$78,850	25%	Over \$32,550 to \$65,725	25%
Over \$78,850	28%*	Over \$65,725	28%*
<i>Married filing jointly:</i>		<i>Head of Household:</i>	
Not over \$16,050	10%	Not over \$11,450	10%
Over \$16,050 to \$65,100	15%	Over \$11,450 to \$43,650	15%
Over \$65,100 to \$131,450	25%	Over \$43,650 to \$112,650	25%
Over \$131,450	28%*	Over \$112,650	28%*

*At higher income levels, additional taxes and add backs may result in a higher marginal rate.

- b) **Michigan Income Tax Rate:** 4.35%
- c) **FICA Tax Rate:** 7.65%
(1.45% for earnings above \$102,000)
- d) **Local\City Income Tax Rate:** ___%

TABLE II

OPTIONAL DEPENDENT CARE TAX CREDIT PERCENTAGES

<u>Adjusted Gross Income</u>	<u>Percentage</u>
Up to \$15,000	35%
\$15,001 - \$17,000	34%
\$17,001 - \$19,000	33%
\$19,001 - \$21,000	32%
\$21,001 - \$23,000	31%
\$23,001 - \$25,000	30%
\$25,001 - \$27,000	29%
\$27,001 - \$29,000	28%
\$29,001 - \$31,000	27%
\$31,001 - \$33,000	26%
\$33,000 - \$35,000	25%
\$35,000 - \$37,000	24%
\$37,000 - \$39,000	23%
\$39,000 - \$41,000	22%
\$41,000 - \$43,000	21%
Over \$43,000	20%