



U.S. Child Care Imputed Income

Overview:

The Internal Revenue Code (IRC) limits the amount of employer-provided child care benefits you receive annually that may be excluded from your taxable income to \$5,000¹. Any excess child care benefits above this dollar limit must be reported to you as taxable income and subject to applicable payroll tax withholding.

For example, if you receive \$6,000 in child care benefits, \$1,000 is considered “child care imputed income” and you are subject to payroll withholding taxes on this amount. Upon exceeding the \$5,000 limit for the year, the firm will begin imputing the income (i.e., your pay will be taxed on the excess on subsequent pay periods, as applicable).

The total value of your employer-provided child care benefits will be shown on your W2 (box 10).

What are employer-provided child care benefits?

JPMorgan Chase provides the following child care benefits, which are subject to the IRC limits:

- **JPMorgan Chase Subsidized Child Care Programs** (including back-up care, the exchange of back-up care days for tutoring, full-service care, and in-home care). The value of the child care program benefit is determined by calculating the JPMorgan Chase subsidy, which is the difference between the value of the care and the co-pay or tuition you pay.
- **JPMorgan Chase Dependent Care Spending Account**. If you elect to participate in the JPMorgan Chase Dependent Care Spending Account for the applicable year.

What do I need to know?

You will be subject to tax on the amount of employer-provided child care benefits that exceeds the IRC limits (e.g., \$5,000 for non-highly compensated employees)¹.

For example, if you receive \$6,000 in child care benefits, \$1,000 must be reported to you as taxable income and subject to applicable payroll tax withholding.

IMPORTANT: JPMorgan Chase cannot track child care benefits that you receive from another source, such as your spouse’s employer. If you receive any additional child care benefits from other sources, you will need to consider those benefits along with the JPMorgan Chase benefits when preparing your federal and state (if applicable) income tax returns.

Overview of Imputed Income Process:

Each month, JPMorgan Chase will review the amount of child care benefits (i.e., JPMorgan Chase Subsidized Child Care Programs and JPMorgan Chase Dependent Care Spending Account, if applicable) you have received during the calendar year to determine if you have exceeded the non-taxable threshold of \$5,000 (amount differs for highly compensated employees).¹ If you exceed the threshold for the year, the firm will begin imputing the income (i.e., your pay will be taxed on the excess on subsequent pay periods, as applicable).

Refer to the examples on the subsequent pages to estimate your 2024 child care imputed income, depending on your location (if applicable), and the amount and type of care used.

Notes:

- Any child care offerings used (i.e., back-up child care, including back-up child care exchanged for tutoring, full service child care, in-home child care) are combined and totaled when determining your total child care usage and related imputed income.
- The methodology to determine Fair Value (FV) is determined by the firm and may vary each year.
- The 2024 reporting period will be November 2023 – October 2024.*

*The months in the reporting periods may be subject to change.



U.S. Back-Up Child Care (including the Summer Advantage Program, 8-Week Advantage Program, and Back-Up Care Exchanged for Tutoring)

For 2024, the Fair Value (FV) of back-up child care (and back-up care exchanged for tutoring) is: **\$50 per use nationally**

Note: As the Fair Value amounts may vary across calendar years, the below provides a high level estimate only.

Use this formula to calculate imputed income for back-up child care:

- A = Daily Fair Value for back-up child care (\$50)
- B = Daily back-up care co-pay² (i.e., \$10, \$20 or \$40 per day based on your Total Annual Cash Compensation³)
- C = Number of back-up care days used⁴ November 2023 – October 2024
- D = Dependent Care Spending Account (DCSA) contribution (if applicable)

Formula:

- **A – B = X**
- **X times C = Y**
- **Y + D = Z** (i.e., the total amount of employer-provided child care benefits)
 - If the result (Z) is less than \$5,000¹, then there is no child care imputed income
 - If the result (Z) is more than \$5,000¹, then the amount above \$5,000¹ is child care imputed income

Example:

- A: Daily Fair Value: \$50
- B: Daily co-pay: \$10
- C: Number of back-up child care days used November – October: 20 days
- D: Dependent Care Spending Account contribution: \$0
 - \$50 Daily Fair Value - \$10 co-pay = \$40
 - \$40 x 20 days = \$800
 - \$800 + \$0 (i.e., if no Dependent Care Spending Account contribution) = \$800 (i.e., the total amount of employer-provided child care benefits)
 - Since \$800 does not exceed \$5,000 (non-taxable income threshold), there would be **no** child care imputed income

Example:

- A: Daily Fair Value: \$50
- B: Daily co-pay: \$40
- C: Number of back-up child care days used November – October: 20 days
- D: Dependent Care Spending Account contribution: \$5,000
 - \$50 daily Fair Value – \$40 co-pay = \$10
 - \$10 x 20 days = \$200
 - \$200 + \$5,000 (i.e., Dependent Care Spending Account contribution) = \$5,200 (i.e., the total amount of employer-provided child care benefits)
 - Since the result is \$200 over the \$5,000 non-taxable income threshold (i.e., \$5,200 - \$5000 = \$200), then **\$200** estimated child care imputed income (which would be taxable)



U.S. On-Site (JPMC Dedicated) Full-Service Child Care

For 2024, the monthly Fair Value (FV) for full-service child care is based on the location and the number of days of full-service care you are enrolled in per week. The monthly Fair Value amounts below are approximate and provide a high level estimate only (as they will vary based on the number of weekdays in each month and will also vary across calendar years). Amounts are pro-rated for partial months.

Location	Approximate Monthly Fair Values (FV)		
	Enrolled 5 days per week	Enrolled 3 days per week	Enrolled 2 days per week
Florida	\$885	\$530	\$355
Midtown NYC, Brooklyn, Jersey City	\$1,310	\$785	\$525
Monroe, Louisiana	\$895	\$535	\$360
Ohio	\$890	\$535	\$355
Texas	\$1,130	\$675	\$450
Wilmington, DE	\$1,405	\$840	\$560

Use this formula to estimate imputed income for on-site/near-site (JPMC fully or partially dedicated) full service child care:

- A = Monthly Fair Value (see chart above)
- B = Monthly full service child care tuition⁵ you pay
- C = Number of months enrolled in full service care⁵ (November – October)
- D = Dependent Care Spending Account (DCSA) contribution (if applicable)

Formula:

- **A – B = X**
- **X times C = Y**
- **Y + D = Z** (i.e., the total amount of employer-provided child care benefits)
 - If the result (Z) is less than \$5,000¹, then there is no child care imputed income
 - If the result (Z) is more than \$5,000¹, then the amount above \$5,000¹ is child care imputed income

Example:

- A: Monthly fair value: \$1,130
- B: Monthly tuition amount you pay: \$595
- C: Number of months enrolled in onsite (JPMC-dedicated) full service child care November – October: 12 months
- D: Dependent Care Spending Account contribution: \$0
 - \$1,130 monthly Fair Value - \$595 monthly tuition = \$535
 - \$535 x 12 months = \$6,420 (i.e., the total amount of employer-provided child care benefits)
 - Since the result is \$1,420 over the \$5,000 non-taxable income threshold (i.e., \$6,420 - \$5,000 = \$1,420), then **\$1,420** estimated child care imputed income (which would be taxable)

Example:

- A: Monthly fair value: \$890
- B: Monthly tuition amount you pay: \$595
- C: Number of months enrolled in onsite (JPMC-dedicated) full service child care November – October: 12 months
- D: Dependent Care Spending Account contribution: \$5,000
 - \$890 monthly Fair Value - \$595 monthly tuition = \$295
 - \$295 x 12 months = \$3,540
 - \$3,540 + \$5,000 (i.e., Dependent Care Spending Account contribution) = \$8,540 (i.e., the total amount of employer-provided child care benefits)
 - Since the result is \$3,540 over the \$5,000 non-taxable income threshold (i.e., \$8,540 - \$5,000 = \$3,540), then **\$3,540** estimated child care imputed income (which would be taxable)



U.S. In-Home (Back-Up) Child Care

In certain limited locations where there are no operating child care centers in a close proximity, employees may be eligible for in-home care (Bright Horizons will send a caregiver to your home). For 2024, the Fair Value of in-home child care is: **\$160 per day nationally**

Use this formula to calculate imputed income for **in-home** child care:

- A = Daily Fair Value (\$160)
- B = Number of in-home care days used⁴ November – October
- C = Co-pay rate² (\$6, \$8 or \$10 per hour)
- D = Number of in-home hours used⁴ November – October
- E = Dependent Care Spending Account (DCSA) contribution (if applicable)

Formula:

- **A x B = X**
- **C x D = Y** (i.e., the total amount of co-payments you paid for in-home care)
- **X - Y + E = Z** (i.e., the total amount of employer-provided child care benefits)
 - If the result (Z) is less than \$5,000¹, then there is no child care imputed income
 - If the result (Z) is more than \$5,000¹, then the amount above \$5,000¹ is child care imputed income

Example:

- A: Daily Fair Value: \$160
- B: Number of in-home care days used November – October: 20 days
- C: Co-pay rate: \$8/hour
- D: Number of in-home hours used November – October: 180 hours
- E: Dependent Care Spending Account contribution: \$5,000
 - $\$160 \times 20 = \$3,200$
 - $\$8 \times 180 \text{ hours} = \$1,440$ (i.e., the total amount of co-payments you paid for in-home care)
 - $\$3,200 - \$1,440 + \$5,000$ (i.e., Dependent Care Spending Account contribution) = \$6,760 (i.e., the total amount of employer-provided child care benefits)
 - Since the result is \$1,760 over the \$5,000 non-taxable income threshold (i.e., $\$6,760 - \$5,000 = \$1,760$) then **\$1,760** estimated child care imputed income (which would be taxable)

Questions

Who can I contact with questions?

Please ask a question at [Health Benefits & Insurance Assistance](#) or consult your tax advisor.

For questions about child care offerings, please send an email to parents.at.jpmc@jpmchase.com.

What if I have used more than one category of child care during the year (e.g., back-up child care, full-service child care)?

To estimate imputed income, perform the estimates for each of the child care offerings you used as shown above (and add your Dependent Care Spending Account contribution, if applicable, only once) to determine if you have exceeded the child care imputed income threshold.

Footnotes:

¹ For highly compensated employees (those with compensation of \$150,000 or more in 2023) the limit may vary each year and is generally communicated mid-year.

²Co-pay

All of the JPMorgan Chase back-up child care programs require a co-pay, beginning on the first day of use. Co-pay rates are tiered based on an employee's Total Annual Cash Compensation.³

- **Center-Based Care:** Includes JPMC-dedicated on-site centers, Bright Horizons Back-Up Care centers as well as thousands of vetted centers in Bright Horizons' provider network. (Does not include In-Home Care)

For employees earning:


- \$59,999 and less: the co-pay rate is **\$10** per child, per day, with a family cap of \$25 per day.
- \$60,000 to \$149,999: the co-pay rate is **\$20** per child, per day, with a family cap of \$50 per day.
- \$150,000 and more: the co-pay rate is **\$40** per child, per day, with a family cap of \$100 per day.

- **In-Home Care:** For U.S. benefits-eligible employees (available in limited locations where there are no operating child care centers within the Bright Horizons network of care):

For employees earning:

- \$59,999 and less: the co-pay rate is **\$6 per hour** (4 hour minimum, up to 10 hours) for up to three children receiving care
- \$60,000 to \$149,999, the co-pay rate is **\$8 per hour** (4 hour minimum, up to 10 hours) for up to three children receiving care
- \$150,000 and more: the co-pay rate is **\$10 per hour** (4 hour minimum, up to 10 hours) for up to three children receiving care

³Total Annual Cash Compensation (TACC) is defined as your rate of base salary plus applicable job differential pay (e.g., shift pay) as of each August 1, plus any cash earnings from any incentive plans (e.g., annual incentive compensation, commissions, draws, overrides, and special recognition payments or incentives) that are paid to or deferred by you for the previous 12-month period ending each July 31. Overtime is not included. Your Total Annual Cash Compensation is recalculated as of each August 1 to take effect the following January 1 and will remain unchanged throughout the year.

To find out your Total Annual Cash Compensation, go to me@jpmc > My Health > Benefits Web Center > My Profile  > Personal Information > Personal Details.

⁴To find the co-pays and number of days used for back-up care (including back-up exchange for virtual tutoring) and in-home care, go to [Bright Horizons Registration/Reservation](#) > Benefits > My Account section > Balance Summary. The Balance Summary enables you to customize by date range to view dates of use and copays amounts.

⁵To find the monthly tuition amount, refer to the [rate sheet](#) for the child care center you are enrolled in or go to the Bright Horizons Family Information Center at <https://familyinfocenter.brighthorizons.com> > Billing and Payments section > view monthly charges by sorting by "Date Range" and/or "Summary Statements" link. Note: Months partially enrolled in full service care are pro-rated.