

Transportation Spending Accounts (TSA): Commuter Benefits Plan

A commuter transportation benefits plan is a type of benefits plan under Section 132(f) of the Internal Revenue Services Code that allows you to set aside money on a pre-tax basis to pay for qualified work-related transportation expenses for mass transit, van pools, and parking. If you ride public transportation to work, this plan can save you both money and time. Commuting to work by public transportation is also beneficial to the environment.

Below are highlights of the Commuter Benefit Plan: There are two primary commuter benefit accounts – a Mass Transit account and a Parking account. If you have both expenses, you will need to make separate elections for each.

Transit Account

Transit Account is a pre-tax benefit account used to pay for public transit—including train, subway, bus, ferry, and eligible vanpool - as part of your daily commute to work. Commuter benefit is a great way to put extra money in your pocket each month and make your commute more convenient and affordable. The Transportation Equity Act for the 21st Century, or IRS Code Section 132(f) allows employees to use pre-tax dollars to pay for the costs associated with their commutes to work through an employer-sponsored program and up to certain monthly limits, which are set annually by the IRS.

- Minimum Monthly Contribution: \$20
- Maximum Monthly Contribution: \$130 for transit and eligible vanpools

“Transit pass” defined: Any pass, token, fare card, voucher, or similar item (including an item exchangeable for fare media) that entitles a person to transportation on mass transit facilities (whether or not publicly owned) or provided by a person in the business of transporting persons for compensation or hire in a highway vehicle with a seating capacity of at least 6 adults (excluding the driver). (See: Treas. Reg. § 1.132-9, Q/A-3).

“Vanpooling” defined: Transportation in a commuter highway vehicle in connection with travel between the employee’s residence and place of employment. A commuter highway vehicle is a highway vehicle with a seating capacity of at least 6 adults (excluding the driver) and with respect to which at least 80% of the vehicle’s mileage is reasonably expected to be (i) for transporting employees in connection with travel between their residences and place of employment, and (ii) on trips during which the number of employees transported for commuting is a least one-half of the adult seating capacity of the vehicle (excluding the driver). (See: Treas. Reg. § 1.132-9, Q/A-2)

Parking Account

Parking Account is a pre-tax benefit account used to pay for qualified parking expenses as part of your daily commute to work. It is a great way to put extra money in your pocket each month and make your commute more convenient and affordable. The Transportation Equity Act for the 21st Century, or IRS Code Section 132(f) allows employees to use pre-tax dollars to pay for the costs associated with their commutes to work through an employer-sponsored program and up to certain monthly limits, which are set annually by the IRS.

- Minimum Monthly Contribution: \$20
- Maximum Monthly Contribution: \$250 for qualified parking

Deduction Taken via Payroll

The amount that you select for your monthly transit and/or parking contribution will be deducted from your paycheck for the transportation expense. You must pre-pay for your monthly contribution, and the expenses must incur any time after. For example, if you are enrolled for the Transit Account effective October 1, 2014, your payroll deduction is in effect on October 31, 2014, and your incur expenses must take place in November 2014 or later.

Plan Can Change Monthly

The Commuter Benefit Plan election may be changed on a monthly basis, unlike our group insurance plans, which require an annual election. You may enroll, change your election, or cancel participation in the plan each month providing you do so within the required timeframe, but no later than the 15th of each month to meet payroll deduction.

Plan Administered by FHDA Benefits Unit

- From September 30 – December 31, 2014, the Plan is administering by the District HR/Benefits Unit.
- For Plan Year 2015, a Third Party Administrator (TPA) will be chosen to administer the Plan. TBD at a later date.

How does I Determine My Election Amount?

- When enrolling in a commuter benefit plan, you will need to make separate elections for your monthly-qualified expenses for mass transit and/or parking. The maximum tax-free amount can be contribute to each account is limited by the IRS, and is subject to change each year.
- The IRS requires that the Plan Administrator must receive ALL claims for qualified expenses within 180 days after the service is provided in order for it to be considered for reimbursements.
- Reimbursements are paid monthly by the 10th.
- Upon separation of active employment, employees have up to 90 days to submit a claim. Unused funds not requested for reimbursement upon termination of employment are forfeited.
- Unused fund(s) will be rollover for the next plan year for active participants.

Key Information

- A commuter benefit plan is an employee benefit offered by your employer in accordance with Section 132(f) of the Internal Revenue Code
- Plan funds must be used for qualified commuting expenses. Improper use of funds could result in plan restrictions or termination of the plan.
- Your election(s) will remain in effect until an election change is submitted. Check with the Benefits Unit on how and when changes must be submitted.
- Unused cash balances will be carry forward to be used for future qualified expenses for that account; Excess cash balances cannot be refunded from an account and can only be used for qualified expenses.
- If you build up a balance, you may temporarily reduce your election to \$0 in order to spend down the balance and remain active in the plan.

WHY YOU NEED IT

- **Significant tax savings** - By paying for your commuting costs with pre-tax dollars, you can decrease your taxable income and increase spendable income. The result? Savings of up to 30% on commuting costs. This savings is money that you get to keep.
- **Simple to use** - You have the added benefit of month-to-month participation for maximum flexibility. You simply decide how much to contribute on a pre-tax basis and then submit commuter expenses for reimbursement.
- **No waiting** - sign up any time to start saving—and no “use it or lose it” as long as you’re enrolled
- **Socially responsible** - when you utilize public transportation in your metropolitan area, you help to reduce your total carbon footprint, helping the environment with every commute.

Learn more at: <http://hr.fhda.edu/benefits/CommuterBenefits>.