



## Palmer Pre-Tax Commuter Transportation Benefits Policy

### **INTRODUCTION**

Federal tax law under IRS Section 132(f) allows employers to sponsor a program under which employees can pay on a pretax salary-reduction basis for qualified commuter expenses. The commuter transportation plan that Palmer Staffing provides allows employees to set aside a portion of their pay toward mass transit expenses and vanpool fares.

This policy covers:

- What a commuter transportation benefits plan is
- How our plan works
- The advantages and disadvantages of enrolling
- Types of qualified commuter transportation expenses
- Tips on making your plan election

### **WHAT IS A COMMUTER TRANSPORTATION BENEFITS PLAN?**

A commuter transportation benefits plan is a type of benefits plan under Section 132(f) of the IRS Code that allows employees to set aside money on a pretax basis to pay for qualified commute-related transportation expenses for mass transit and vanpools.

### **HOW DOES OUR PLAN WORK?**

- Our commuter transportation plan is funded through your voluntary pretax salary deductions.
- All employees are eligible for the plan.
- To enroll, you must register your SmarTrip online at [www.wmata.com/smartrip](http://www.wmata.com/smartrip) and complete and submit by the 10<sup>th</sup> of the month the Commuter Transportation Benefits Plan Enrollment and Change form available from Palmer Staffing.
- Your enrollment will be effective the 1st of the month following correct completion and submission of the enrollment form.
- Funds will be available on your SmarTrip for immediate use on the 1<sup>st</sup> of the month. You can use your benefits for transit and vanpools that do not accept SmarTrip by simply creating a personal account with [Commuter Direct](#).

- All funds will be carried over to the following month indefinitely, with unspent funds remaining on your card even after separation from employment.
- To make changes or to cancel your enrollment, you must complete and submit by the 10<sup>th</sup> of the month the Commuter Transportation Benefits Plan Enrollment and Change Form. Any change will be effective the 1st of the month following correct completion and submission of the form.

### **Advantages**

- Significant tax savings
  - Contributions you make to the commuter transportation plan are exempt from federal, state, Social Security and Medicare taxes.
- Cost savings
  - Because of the tax savings, you may save hundreds of dollars a year on your commute expenses.
- Convenience
  - Funds show up automatically on your SmarTrip each month.

### **Disadvantages**

- Paperwork
  - You must initiate the transit benefits enrollment process by completing and submitting by the 10<sup>th</sup> of the month the Commuter Transportation Benefits Plan Enrollment and Change Form.
- Lag time
  - Due to the benefits administration process, your pre-tax funds will be taken out of your paycheck monthly or weekly in the month before the funds are available on your card.

### **TYPES OF QUALIFYING COMMUTER TRANSPORTATION BENEFITS**

The three types of qualifying pre-tax benefits are:

- **Mass transit:** Can be a publicly or privately operated bus, rail or ferry service. Expenses may be for a pass, token, fare card, voucher or similar item allowing the person to ride in a vehicle that seats at least six adults, not including the driver.
- **Vanpools:** A commuter highway vehicle used for transportation from the employee's home and workplace. The vehicle must seat at least six adults including the driver, and at least one-half of the seats, not including the driver's, must be taken by our employees.
- **Parking:** Parking provided on or near the workplace. Also included is parking provided on or near the location from which you commute to work using mass transit or van pools. This does not include parking on or near your homes.

## **CONTRIBUTIONS**

- **What is the maximum you can contribute to your commuter transportation benefits plan?**
  - For 2016, you may contribute up to \$270 a month for combined mass transit and vanpool expenses and/ or \$270 per month for parking.

## **TIPS FOR YOUR COMMUTER TRANSPORTATION BENEFITS PLAN ELECTIONS**

- Plan your contributions.
  - Prior to making your election, make a list of all your anticipated eligible monthly expenses.
  - Avoid overestimating your expenses so that you will not have excessive unused funds.
- Monitor your balance regularly to keep track of your account.

## **SUMMARY**

- A commuter transportation benefits plan is a type of benefits plan under Section 132(f) of the IRS Code that allows you to set aside money on a pretax basis to pay for qualified work-related transportation expenses for mass transit, van pools, and parking.
- Our commuter transportation plan is funded through employee voluntary pretax salary reductions. All employees are eligible to participate.
- Funds will appear on your SmarTrip the 1<sup>st</sup> of the month following the successful submission of enrollment documents by the 10<sup>th</sup> of the previous month.
- To make changes or to cancel your enrollment, you must notify Palmer Staffing by the 10<sup>th</sup> day of the month. Any change will be effective the 1<sup>st</sup> of the following month.
- The three types of benefits available are mass transit, vanpools, and parking.
- The maximum you can contribute is \$270 per month for mass transit and vanpool fares and/or \$270 per month parking expenses.
- Prior to making your election, make a list of your anticipated expenses and avoid overestimating.



## EMPLOYEE COMMUTER TRANSIT BENEFITS ENROLLMENT FORM

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

***Choose one:***

***Commuter Transit Benefits***

I elect to deduct funds from my paycheck on a pre-tax basis to use for mass transit fares, up to \$270 per month (for use on Metro, buses, vanpools and other mass transit).

I have a SmartTrip Card and have registered it online at [www.smartrip.com](http://www.smartrip.com).

My SmartTrip serial number (on the back of the card) is:

\_\_\_\_\_

**Monthly payroll deduction authorized for commuter transit expenses (up to \$270): \$\_\_\_\_\_**

***Transit Pass (unlimited weekly/monthly Metro or bus passes)***

I elect to deduct funds from my paycheck on a pre-tax basis, up to \$270 per month, to be redeemed for a weekly/monthly Metro or bus pass.

- I have a SmartTrip Card and have registered it online at [www.smartrip.com](http://www.smartrip.com).
- My SmarTrip serial number (on the back of the card) is:  

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- Monthly payroll deduction authorized for Metrobus or Metrorail passes (up to \$270): \$\_\_\_\_\_**
- I understand that I will need to visit [www.smartrip.com](http://www.smartrip.com) to set up my pass once I am enrolled.

***Optional:***

***Metro Parking Benefits***

- I elect to deduct additional funds from my paycheck on a pre-tax basis to use for Metro parking fees, up to \$270 per month (for use at Metro parking garages ONLY).
  
- I have a SmartTrip Card and have registered it online at [www.smartrip.com](http://www.smartrip.com). (This can be the same card as above.)
- My SmarTrip serial number (on the back of the card) is:  

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- Monthly payroll deduction authorized for Metro parking expenses (up to \$270): \$\_\_\_\_\_**