

COMMUTER BENEFIT ARRANGEMENT

(For your qualified transportation and parking expenses)
IRC SECTION 132



Information Sheet

1. WHAT IS IT?

A Transportation Fringe Benefit Plan allows you to use “tax-free” dollars to pay for qualified transportation and parking expenses used for the purpose of employment.

2. WHAT BENEFITS MAY BE OFFERED?

There are three qualified transportation fringe benefits that may be included in a plan. They are:

- Qualified Parking
- Transit Passes
- Vanpooling

Qualified Parking means parking provided to an employee at or near the business premises of the employer. It can also mean parking provided at or near a location from which the employee commutes to work by mass transit, vanpooling, carpool, or by any other means.

Transit Passes means any pass, fare card, or similar item (including an item exchangeable for fare media) that entitles the employee to transportation on mass transit facilities (whether or not publicly owned).

Vanpooling means transportation between the employee’s residence and place of employment in a commuter highway vehicle that has a seating capacity of six or more adults (not including the driver) and where at least 80% of the mileage used for a year can reasonably be expected for the purposes of transporting employees between their residence and place of employment.

3. WHAT ARE THE MAXIMUM BENEFIT LIMITS?

The limit for qualified parking is \$230 per month and \$230 per month for transit and vanpooling combined.

4. WHY SHOULD I PARTICIPATE?

You can avoid taxes on your premiums (Social Security tax at 7.65% and Federal Income Tax of generally 15% to 27%).

5. ARE THERE ANY NEGATIVES?

Because you do not pay Social Security taxes on your premiums, your Social Security benefits may be slightly reduced.

6. CAN I REVOKE MY PREMIUM REIMBURSEMENT AMOUNT?

You can revoke your existing election and make a new election any time during the year, as long as the election is made before the earlier of: 1) when the employee is currently able to receive the cash; or 2) the beginning of the period for which the benefit will be provided.

7. HOW AND WHEN DO I PARTICIPATE?

You may participate in the Plan at any time during the year. You will need to complete an Election/Salary Reduction Form and give it to your employer.

8. HOW AND WHEN DO I GET REIMBURSED?

Use your MGIS *Flex Convenience*® card to pay for your expenses or submit a copy of your parking, transit, or vanpooling expenses (by third party substantiation or employee certification) and a Reimbursement Request Form.

EXAMPLE

You earn \$30,000 annually and pay \$185 per month (\$2,200 per year) out of pocket for your parking expenses.

WITHOUT QUALIFIED TRANSPORTATION BENEFIT

Gross (taxable) Pay	\$30,000
Taxes (estimated at 25%)	(-7,500)
Parking Deduction	(-2,220)
NET TAKE HOME PAY	\$20,280

WITH QUALIFIED TRANSPORTATION BENEFIT

Gross (taxable) Pay	\$30,000
Pre-tax Parking Benefit	(-2,220)
Taxable Pay	\$27,780
Taxes (estimated at 25%)	(-6,945)
NET TAKE HOME PAY	\$20,835

By participating in your employer’s Qualified Transportation Fringe Benefit Plan you would **INCREASE your net take home pay by \$555 per year (approximately \$46 per month)*.**

**Actual savings may vary based on individual circumstances.*