

132 COMMUTER TRANSIT AND PARKING

Section 132(f) Tax-Free Transportation Plan

The Plan

A Qualified Transportation Fringe Benefit Plan allows you to set aside “pre-tax” dollars to pay for qualified employment-related transportation and commuter parking expenses.

There are two qualified transportation benefits:

Qualified Parking – Expenses for parking at or near the employer’s business premises or parking at or near a location from which an employee commutes to work by mass transit, vanpooling, carpool, etc.

Transit Passes and Vanpooling – Expenses for any pass, fare card or similar item that entitles the employee to transportation on a mass transit system to and from work or for the cost of transportation between the employee’s place of residence and place of employment in a commuter vehicle that has a seating capacity of 6 persons or more (not including the driver) where at least 80% of the mileage used for the year is for the purpose of transporting employees to their place of employment.



Using the Transportation Benefit

To participate in the plan, you simply estimate your qualified transportation expenses for the year, complete an Election Form indicating your estimated monthly expense(s) and submit it to your employer. Each pay period, your employer will deduct the appropriate pre-tax amount from your paycheck and credit your Parking and/or Transit Reimbursement account. You can then use the funds from these accounts to pay for your eligible transportation expenses by paying with your *myFlexResource* debit card. You can also order transit passes through our secure *myFlexResource* web portal have them mailed directly to you each month.

IRS Limits

The IRS has placed monthly pre-tax contribution and reimbursements limits on Parking and Transit Expenses. Employees may participate in one or both accounts. Benefits are excluded from federal income and payroll taxes, and most state taxes, up to the monthly limits. The 2012 monthly limits are \$240 for parking and \$125 for transit/vanpooling.

The Importance of Planning

Unlike Flexible Spending Accounts, your Parking and Transit contribution amounts can be modified from month to month as your needs change. Unused contributions in your Parking and Transit accounts carry forward indefinitely to be used for future expenses as long as you remain with your current employer. Upon termination, balances in your account may only be used to reimburse expenses incurred prior to your termination.

Substantiation Requirements

In order to be reimbursed for commuter expenses the employee must certify that he or she incurred the expense. This is done by completing, and signing a Claim Form that provides the dates of service, the nature of the service (parking or transit), the service provider or location, and the cost of the service. This form must be submitted along with receipts to American Benefits Group. In the event that receipts are not provided (if the employee uses metered parking, or when used transit passes cannot be returned to the user) then the signed, completed Claim Form will be deemed sufficient certification to allow the claim to be reimbursed.