



# COMMUTER CHOICE

## Tax Savings for Commuters

YOUR EMPLOYER sponsors the Commuter Choice program to help you pay for certain parking and transportation expenses you incur to commute to work.

Tax Savings Illustration	Before	After
Paycheck Total Earnings	\$3,000	\$3,000
Pre-Tax Commuter	\$0	-\$120
Taxable Earnings	\$3,000	\$2,880
Federal Taxes	-\$545	-\$515
Soc Sec/Medicare	-\$170	-\$163
State/Local	-\$227	-\$214
Net Paycheck	\$2,058	\$1,988
After-Tax Commuter	-\$120	\$0
Take Home Pay	\$1,938	\$1,988
<b>Monthly Tax Savings</b>		<b>\$50</b>
<b>Annual Tax Savings \$600*</b>		

If you elect to participate in the Commuter Choice benefits, you can save 20% to 42% of the cost of your commuting expenses. In this example, the Employee saves \$50 each month by using Commuter Choice to pay their \$120 monthly commuting expenses pre-tax.

**You can get 2 to 5 months of Commuter expenses FREE each year by paying less tax!**

When you participate in Commuter Choice, your contributions are taken off the top of your pay, before taxes are calculated. When you use your Commuter benefits, they are tax-free which reduces your taxes and increases your take-home pay.

\* Illustration demonstrates 42% (maximum) tax savings. Your actual savings will depend upon your income, location and personal/family tax situation.

**Commuter Choice** offers two benefit options:

**Mass-Transit** You can set aside up to \$265 per month\*\* pre-tax to pay for transportation by train, light-rail or by a public or subscription bus or the costs of an eligible vanpool. An eligible vanpool transports 7 or more adults, including the driver, for the majority of the commute.

**Parking** You can set aside up to \$265 per month\*\* pre-tax to pay for your parking expenses at or near your primary, long-term business location, or parking at or near a “park and ride” or similar location if you use mass-transit.

**Eligible Expenses** Your personal work-related commuting expenses are eligible if they are incurred while you are an active participant in your Commuter benefits. An expense is incurred when you receive the services. Commuter expenses during vacations or holidays are not eligible. However, parking expenses during your short-term vacation are eligible if required to “hold your spot.” Other examples of ineligible expenses include expenses paid for your spouse and dependents and the normal commuting expenses you pay to drive your personal vehicle to work, such as toll-fees and gasoline.

\*\* The monthly contribution and eligible expense limits for each benefit are subject to annual cost of living adjustments. Limits shown are for 2019.

**Eligibility** Only “W-2” employees can participate, which means that persons who are self-employed, any partner and any S Corporation shareholders who own more than 2% of the stock are excluded. Also, part-time employees (under (WILL VARY) hours per week), temporary employees, temporarily leased employees and independent contractors are not eligible.

**Elections** Your elections are your estimates of how much you expect to spend over the year for the benefit options, Mass-Transit or Parking. The Mass-Transit and Parking benefits require separate elections and allow different expenses. The balances cannot be co-mingled or transferred. Eligible employees can elect to enroll in or change their elections during the year and that change will be effective on the first day of the following pay period.

**Active Participant** An “Active Participant” in a Commuter Choice benefit in any month is an active, eligible employee who contributes \$1.00 or more during the month for that specific benefit, Mass-Transit or Parking.

**Monthly Limits** The IRS limits the eligible expenses for reimbursement or payment to \$265 per month for Mass-Transit and \$260 per month for Parking; amounts in excess of those monthly limits are not eligible.

**Debit Card** Your Employer offers a debit card that you can use to pay your Commuter expenses, including reloading your Transit system card online. The card won’t work for Commuter expenses if you load your card at a grocery drug store. The maximum benefit available is limited to a) the “cash” balance in your account at the time you swipe the card or b) the balance of eligible monthly expenses, whichever is less.

**Transit Benefits** **Please use the FlexToday Debit Card to pay for your Transit expenses.** After the first time you use your card, you will receive an email asking you to provide documentation to support that transaction. Thereafter, transactions for the same provider and the same amount will be automatically approved. IRS regulations limit the reimbursement of Transit expenses to situations when payment using the Debit Card was not possible. Accordingly, you will need to use a manual claim form <http://www.flextoday.com/upload/COMMUTERCLAIM.PDF> to request reimbursement if you had to pay out of pocket because your card was lost or similar situations.

**Parking Claims** To be reimbursed from your Parking benefit account, log into your account, create a claim, print, sign and date the claim form, attach your documentation and send your claim as indicated. If you cannot provide receipts for Parking because the lot or meter does not provide receipts, make a statement to that effect on the claim.

**Claim Deadlines** Only expenses incurred (received) while you are an Active Participant can be considered for reimbursement or payment. The deadline to submit claims is **180-days** after the date of the expense or **90-days** after you stop being an Active Participant (terminate employment or cancel your enrollment), **whichever comes first.**

**Balances Can Roll** The Commuter Choice allows your benefit cash balances to rollover from month-to-month and year-to-year but only if you are an Active Participant contributing at least \$1.00 per month for that benefit.

**“Use It or Lose It”** It is important that you carefully estimate your election. While Commuter Choice allows you to rollover your benefit account balances, if you terminate participation or your employment, you will cease to be an Active Participant and any funds remaining in your benefit account(s) after the claims deadline will be forfeited.

## **EXAMPLES**

- **Transit expenses are limited to \$265/month.** While your cash balance may be higher, the maximum available on your card for the month will be \$265, reduced by any benefits used during the month.
- **Parking expenses are limited to \$265/month.** If you pay \$270 for Parking, the most you can swipe the card to pay for Parking is \$260 for the month or your current cash balance in the Parking benefit, whichever is less.
- **All Claims Must Be Made Within 180-Days Of The Expense.** If you paid out of pocket for Parking on May 1<sup>st</sup>, you must file your claim for that expense by October 28<sup>th</sup> (180-days after May 1<sup>st</sup>).
- **All Claims Must Be Made Within 90-Days After You Terminate Your Enrollment.** If you paid for Parking on May 1<sup>st</sup> and stop being an Active Participant as of May 31<sup>st</sup>, you must file your claim for the May 1<sup>st</sup> expense by August 29<sup>th</sup> (90-days after May 31<sup>st</sup>). Expenses incurred (services received) after your termination are not eligible.

While YOUR EMPLOYER expects to maintain this benefit indefinitely, they have the right to amend or terminate the plan at any time. Commuter Choice is a fringe benefit and is not subject to ERISA. YOUR EMPLOYER holds the funds and pays benefits from their general corporate assets. Participating in the Commuter Choice will reduce your taxable wages which could reduce your Social Security and other compensation-related benefits.