



Pre-Tax Transportation Benefit Plan

“Avoid taxes on transportation and parking.”

You can **reduce your taxable income** and avoid paying Federal Income Tax (15% to 28%+) and State Income Tax (5.30%) and Social Security/Medicare Tax (7.65%), on qualified transportation costs by enrolling in your employer sponsored Section 132 Benefits Plan. These tax savings can apply to one or more of the following options:

Parking Reimbursement Account: Allows you to pay for your daily or monthly parking expenses incurred for your parking at or near your work. You can elect to have up to \$250.00 per month deducted from your paycheck TAX-FREE.

Mass Transit Reimbursement Account: Allows you to pay for your mass transit expenses related to your commute to work. Up to \$130.00 per month can be deducted from your pay TAX-FREE for qualified mass transit expenses.

How it works:

When you participate in a Transportation Benefits Plan with a salary reduction you reduce your Federal income tax withholding, state withholding and your FICA (Social Security, Medicare) taxes and increase your take-home pay.

Employees elect to have a certain amount of their compensation contributed to the plan from every pay period. When the employee incurs eligible expenses, the employee then submits those expenses to the plan for reimbursement from the employee’s individual account. The contribution is made before taxes are withheld, and the reimbursement is not a taxable form of compensation.

The Types of Plans (there are essentially two types of plans)

The first is a **Transportation Reimbursement Account**. Reimbursable expenses from this account include mass-transit (subway and train tokens and passes, bus and ferry fares and passes) and vanpooling commuter vehicle expenses associated with travel to and from work.

The second is a **Parking Reimbursement Account**. It covers daily work-related parking expenses, including parking fees associated with parking at a location for access to mass-transit or vanpooling sites. Unfortunately, there are some specific things that are not covered. Bridge tolls, road tolls, gasoline, carpooling expenses, residence parking expenses and spouse dependent expenses are not eligible for reimbursement.

Some Important Facts

There is no “Use-It-or-Lose-It” feature to these accounts. Positive balances in employees’ accounts can be carried over to the next period without forfeiture. Unlike cafeteria plans, employees can adjust contributions without demonstrating a “change in life” status.