

Transit Accounts - Tax Advantaged Account

A Transit Account allows participants to use pretax dollars to pay for public transportation to get to work. Employees can save up to 40% on eligible transportation costs by using the pretax dollars in a Transit Account.

Participant Benefits	Employer Benefits
Pretax contributions reduce taxable income.	Increased employee satisfaction by offering outstanding benefits.

How the plan works...

Eligibility

The employer determines the eligibility to participate in a transit account.

Self-employed individuals (partners, sole proprietors, more-than-2% shareholders in a sub-chapter S Corp and independent contractors) are ineligible to participate.

Enrollment

Eligible employees enroll at open enrollment or on a monthly basis. A qualifying event is not required to change the monthly election. It can be changed at any time or any reason. Changes cannot be made retroactively.

Funding

Transit accounts are funded by pre-tax and post-tax payroll deductions.

Contributions

IRS sets maximum monthly election amounts. (Employers can set lower amounts.)

- Money In/Money Out - money is available to spend after it is contributed.
- If a participant has both pre-tax and post-tax accounts, the pre-tax account will be depleted before funds are taken from the post-tax account
- There is no limit on the amount that can be rolled over - all unused funds are eligible for rollover. Ex. If the entire monthly election is not used during the month, it rolls forward to the next month.

Participants Make Monthly Elections

The monthly election is divided by the number of paychecks per month. For payroll schedules weekly, bi-weekly (26), and potentially other, the amount withheld from payroll will not be consistent throughout the plan year.

Example: The client has bi-weekly (26) payroll. Participant monthly election is \$265. In a month with 2 payrolls, \$265 divided by 2 is \$132.50. \$132.50 is withheld from both payrolls that month.

Eligible Expenses

Participants can pay for public transportation to get to work (bus, subway, or train) or for the use of Commuter Highway Vehicles, such as a van pool.

- Transit expenses for the employee only, family member expenses are not eligible
- Commuter Highway Vehicle Requirements:
- Seating capacity of at least 6 adults (excluding driver)
- 80% of mileage for the year is for transporting between home and work. On those trips, at least half of the adult seating capacity is filled.
- Lyft Line and UberPOOL ride sharing commuter expenses are eligible, but regular Lyft or Uber rides are not.
- The Transit Account only covers commuting to and from the place of employment. It does not cover additional travel, for example to the airport for a business trip.
- Transit expenses for personal reasons, such as to attend a sporting event, are not eligible.
- Participants can also have post-tax funds withheld from their paychecks and added to their Transit Account, enabling them to exceed the monthly pre-tax limit.

Requests and Disbursements

Participants must use the TASC Card, unless the employer allows manual reimbursement and it is in the Commuter Benefit Account Summary.

No matter how much money the participant has in their account, they are only allowed (under regulations) to use the monthly maximum out of their Transit Account. Additional post-tax funds contributed may also be used.

Plan Design Options – Summary Plan Description (SPD) Required

As long as they are an active, eligible employee and have funds remaining in the account, they are a participant with access to their funds.

Rollover

The Transit Account may have automatic rollover at the close of the plan, dependent on the employer's election.

- There isn't a limit on the amount that can be rolled over. All unused funds are eligible for rollover. (Grace period does not apply.)

- If an employer does not choose the rollover option, remaining funds at the close of the plan year are forfeited.
 - Expenses submitted that exceed the monthly limit do not roll forward. Those expenses are not eligible for reimbursement.

Parking Accounts - Tax Advantaged Account

A Parking Account allows participants to use pretax dollars to park at or near work during work hours. Employees can save up to 40% on eligible transportation costs.

Participant Benefits	Employer Benefits
Pretax contributions reduce taxable income.	Increased employee satisfaction by offering outstanding benefits.

How the plan works...

Eligibility

Employees must meet the eligibility requirements of the employer's plan to be eligible to participate. Self-employed individuals (partners, sole proprietors, more-than-2% shareholders in a sub-chapter S Corp and independent contractors) are ineligible to participate.

Enrollment

Eligible employees enroll at open enrollment or on a monthly basis. A qualifying event is not required to change the monthly election. It can be changed at any time or any reason.

- Changes cannot be made retroactively.
- Clients are unable to make changes for participants at this time, a support request needs to be submitted.

Funding

Parking accounts are funded by pre-tax and post-tax payroll deductions. Participants makes monthly elections. The monthly election is divided by the number of paychecks per month.

Contributions

- IRS sets maximum monthly election amounts. (Employers can set lower amounts.)
- Money In/Money Out - money is available to spend after it is contributed.
- If a participant has both pre-tax and post-tax accounts, the pre-tax account will be depleted before funds are taken from the post-tax account
- There is no limit on the amount that can be rolled over - all unused funds are eligible for rollover. Ex. If the entire monthly election is not used during the month, it rolls forward to the next month.

Eligible Expenses

Parking at or near an employee's place of work so that an employee can go to work.

- Parking expenses for the employee only, family member expenses are not eligible.
- Parking expenses for person reasons, such as to attend a sporting event, are not eligible.

Requests and Disbursements

Participants must use the TASC Card or request a reimbursement online, through the mobile app, or via paper form (mail or fax).

No matter how much money the participant has in their account, they are only allowed (under regulations) to use the monthly maximum out of their Parking Account. Additional post-tax funds contributed may also be used.

Plan Design Options – Summary Plan Description (SPD) Required

As long as they are an active, eligible employee and have funds remaining in the account, they are a participant with access to their funds.

Rollover

The Parking Account may have automatic rollover at the close of the plan, dependent on the employer's election.

- There isn't a limit on the amount that can be rolled over. All unused funds are eligible for rollover. (Grace period does not apply.)
- If an employer does not choose the rollover option, remaining funds at the close of the plan year are forfeited.
 - Expenses submitted that exceed the monthly limit do not roll forward. Those expenses are not eligible for reimbursement.