

TRANSIT & PARKING BENEFITS PLANS

WE MAKE
THE COMPLEX
SIMPLE

WHAT ARE TRANSIT & PARKING BENEFIT PLANS?

Transit and parking benefit plans allow employees to save on commuting costs by deducting these expenses pre-tax from their monthly paycheck. Employees save money because they don't pay taxes on the money deducted.

Employees set aside pre-tax compensation in two categories – transit and parking. Transit includes qualified commuter expenses such as the use of mass transportation (train, subway, bus, commuter highway vehicle, transit passes) and qualified bicycle reimbursement. There is no “use it or lose it” rule and unused funds roll over at the end of a plan year unless the employee terminates from the group. Transit and parking maximum contributions are set by the IRS and are generally adjusted annually for inflation. The limits are \$130 monthly for transit, \$250 monthly for parking, and \$20 monthly for bicycle commuting.

WHO IS ELIGIBLE FOR TRANSIT & PARKING BENEFITS?

All full-time W-2 employees are eligible to participate. Please note for San Francisco area employees only: According to the Commuter Ordinance, also eligible are San Francisco employees performing work for compensation on a full-time, part-time, or temporary basis, and who work an average of at least 10 hours a week for the same employer within the previous calendar month.

HOW MUCH CAN YOU SAVE?

For an employee earning \$2000/month & spending \$200/month on transit: Before Commuter Benefits: Taxable income is \$2000/month.

After Commuter Benefits: Taxable income is \$1800/month.

FICA and Medicare*
\$2000 x 7.65% = \$153
Federal Income Taxes*
\$2000 x 28% = \$560
State Income Taxes*
\$2000 x 6% = \$120
Total Taxes
\$833

FICA and Medicare*
\$1800 x 7.65% = \$137.70
Federal Income Taxes*
\$1800 x 28% = \$504
State Income Taxes*
\$1800 x 6% = \$108
Total Taxes
\$749.70

Tax Savings: \$833 - \$749.70 = \$83.30

Transit Costs after Commuter Benefits: \$200 - \$83.30 = \$116.70

Employee's transit costs went from \$200/month to \$116.70/month (a 40% savings)!

** Savings calculations are based on average tax percentages of 7.65% FICA and Medicare, 28% Federal Income Tax, and 6% State Income Tax. Actual employee tax savings depend on the individual's tax rates. Actual employer tax savings depend on the employer's payroll tax rates.*

WHAT TRANSIT & PARKING EXPENSES ARE ELIGIBLE?

Only parking and mass transit expenses incurred by the employee in connection with travel between their residence and work place are eligible. Examples of eligible expenses include:

- Mass transit fares, including tickets, passes, tokens, vouchers or other fares for riding buses, trains, Para-transit vans or other mass transportation vehicles
- Official vanpool fees
- Parking fees (car or bike) at or near your work place
- Parking fees at a location from which you commute to your work place via mass transportation or a carpool, for example a “park and ride” lot

WHAT TRANSIT & PARKING EXPENSES ARE NOT ELIGIBLE?

The following is a partial list of transit and parking expenses that are not eligible:

- Tolls
- Traffic tickets
- Fuel
- Mileage or other costs incurred in operating a vehicle
- Taxis
- Payments to a fellow participant in a carpool or to a friend who drives the employee to work
- Parking at the employee’s personal residence
- Parking at a spouse’s place of work
- Parking at a mall/similar location to stop on the drive to/from the employee’s place of work
- Costs that have been or will be paid by the employer, such as for a business trip
- Parking at an airport for taking an airplane to work

TRANSIT AND PARKING CLAIM FILING PROCESS:

- Transit and parking expenses can be paid by the employee participant with cash, check, and regular credit or debit cards. No special cards or receipts are needed.
- Claims can be submitted for payment online or by using a form provided by Sterling Administration. Please note no receipts are required for Transit or Parking claims.
- Participants must register at **www.sterlingadministration.com** to process claims online. This is a quick and easy process that will be outlined in your welcome letter from Sterling. Once you sign up for Transit and Parking benefits, the welcome letter and account information will be sent to you.
- Paper claim forms can be found at **www.sterlingadministration.com** as well. Go to the Forms section, Flexible Benefit Plans, and find the FSA Transportation Claim Form in English and Spanish (<http://www.sterlingadministration.com/forms/fsa/>).
- Sterling processes transit and parking claims twice per week. Participants can expect an EFT or check in the mail in 3-4 working days.

MORE INFORMATION

For questions and more information, call Sterling at 800-617-4729 or email at **customer.service@sterling-administration.com**. Also visit us at **www.sterlingadministration.com** where you’ll also find links to our blog and Facebook page.