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# Enrollment Guide for your Pre-Tax Transportation Program

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Enrolling in your company's Pre-Tax Transportation Program is simple. This handy guide will give you some useful information about:

- ◆ The Pre-Tax Transportation Program
- ◆ How the Program Works
- ◆ How to Enroll
- ◆ How to File Claims

In addition, this Enrollment Guide will answer many general questions you may have about how the Pre-Tax Transportation Program can actually save you money as you pay for parking or mass-transit expenses.

## ***Some background on the Pre-Tax Transportation Program...***

Authorized by the Internal Revenue Service, the Pre-Tax Transportation Program is a tax-advantaged way to pay for your unreimbursed parking or mass-transit expenses. This benefit, offered by your employer, allows you to pay for certain out-of-pocket expenses using pre-tax dollars, resulting in lower taxable income.

The Pre-Tax Transportation Program gives you the ability to pay for qualified transportation expenses, such as parking and mass transportation, with pre-tax dollars. Qualified expenses and dollar limits are defined by the Internal Revenue Code. For 2008, the maximum monthly pre-tax contribution is \$220 for parking and \$115 for mass transit.

## ***How the Program Works...***

Under the Program, you can elect to have a portion of your taxable salary credited to your own personal reimbursement account(s) to be used to reimburse you, tax free, for qualified transportation expenses. This is known as "salary redirection" resulting in reduced taxable income, which ultimately reduces the amount of FICA and federal income taxes you pay and in most cases, state and local taxes as well.

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## ***Qualified Pre-Tax Transportation Expenses...***

### **Parking Expenses –**

1. Cost of parking your car at a facility located at or near your office location (e.g. parking garage or lot).
2. Cost of parking at a facility located at or near a location from which you commute to work (e.g. Metro parking lot).

### **Mass Transit Expenses –**

1. Transit pass, token, farecard, voucher or similar item entitling a person to transportation to and from work on a Mass Transit Facility.
2. Commuter highway vehicle with a seating capacity of six or more adults (not including the driver), and at least 80 percent of the mileage use can reasonably be expected to be for purposes of transportation of employees between work and residences, and on trips during which the number of employees carried is at least one-half of the adult seating capacity of such vehicle (not including the driver).

## ***How to Enroll...***

During the enrollment period, you must decide and elect the amount of your taxable salary you wish to have redirected into each account. Different accounts will be established for the two types of expenses noted above, so you must make separate elections for each account. All participants must re-enroll each year during an annual open enrollment. You will have the opportunity to change your election at any time. Should you have any funds remaining in the account at the end of the plan period, they will be carried over to the new plan period to be used for qualified transportation expenses. Please note that per IRS regulations, you cannot be refunded this balance and if you terminate employment any balance in your account will be forfeited.

## ***How to File Claims...***

Simply complete and send the appropriate reimbursement request form to Hirsch Financial Services, Inc. Receipts or a daily log of expenses must accompany the reimbursement request form. Reimbursements will be capped at your account balance; therefore, you will only be reimbursed the lesser of the reimbursement requested, the balance in your pretax account at the time the reimbursement is issued, or the monthly maximum established by the Internal Revenue Service (\$220 for parking and \$115 for mass transit). Per IRS regulations, claims should be submitted no later than six months after you have incurred the expense.

*Please note: The tax application of payroll to these expense areas may vary from state to state. Check with your tax counsel for the rulings in your jurisdiction. Neither Hirsch Financial Services, Inc. nor your employer assumes responsibility for the accuracy of your calculations or for the resulting tax savings, and neither is in any way rendering tax advice.*

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