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What is the Commuter Account Plan?

The Commuter Account Plan ("CAP") is a tax favored program which allows you to elect to reduce your salary to provide cash reimbursement for certain qualifying transportation and parking expenses related to your commute to work. There are two types of reimbursement accounts:

- **The Transportation Account** allows you to set aside pre-tax dollars from your paycheck to cover certain mass transit or vanpooling commuter vehicle transportation expenses associated with travel to and from work.
- **The Parking Account** allows you to set aside pre-tax dollars from your paycheck to cover certain parking expenses you incur to commute to work.

You may choose to participate in one or both of the Commuter Account Plans.

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What is the benefit of participating in a Commuter Account Plan?

Participating in a Commuter Account Plan provides a tax savings advantage to you. You conveniently contribute to your Commuter Account Plan account through automatic payroll deductions of equal amounts from each paycheck during the year. Because these contributions are deducted before taxes are withheld, your current taxable pay is reduced and so are your taxes. Please note that social security benefits may be reduced, because social security taxes are not paid on Commuter Account Plan contributions.

You are effectively able to pay for eligible expenses with tax-free money. Example (intended to demonstrate a typical tax savings. Actual savings will vary based on your individual tax situation.):

	With a CAP	Without a CAP
If your taxable income is:	\$28,000	\$28,000
And you deposit this much pre-tax money into a Commuter Account Plan per year:	\$780	\$0
Your taxable income is now:	\$27,220	\$28,000
Subtract Federal Income and Social Security taxes:	\$4,785	\$4,962
If you spend the same amount in after-tax dollars for	\$0	\$780

eligible expenses:

Your real spendable income will be:	\$22,435	\$22,258
Your tax savings with a Commuter Account Plan will be:	\$177	

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What types of expenses qualify for reimbursement?

Reimbursable expenses from the **Transportation Account** include any public or privately-owned or operated bus, train, subway, shuttle bus service, ferry, or vanpool that provides regular commuter operations. Please note that amounts paid for taxi cabs are not eligible.

Reimbursable expenses from the **Parking Account** include parking expenses for any type of vehicle near your place of employment or on or near a location from which you commute to work via mass transit or vanpool. Parking on or near your home does not qualify.

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Who is eligible to participate in the Commuter Account Plan?

All full-time and part-time domestic employees are eligible to participate in the Commuter Account Plan.

The term employee for purposes of qualified transportation fringes is defined in § 1.132-1(b)(2)(i) of IRS regulations. This term includes only common law employees and other statutory employees, such as officers of corporations.

Individuals who are partners, sole proprietors, or other independent contractors are not employees for purposes of §132(f). In addition, under § 1372(a), 2-percent shareholders of S corporations are treated as partners for fringe benefit purposes. Thus, an individual who is both a 2-percent shareholder of an S corporation and a common law employee of that S corporation is not considered an employee for purposes of §132(f).

Please note that § 1372 references the attribution rules of § 318. Our understanding of these rules is such, that if a spouse or other direct relative falls under the 318 attribution rules, it appears they cannot participate.

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When can I join the Commuter Account Plan?

Eligible employees can join the Commuter Account Plan effective on the first day of any month.

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How often can I change my elections?

You can change your elections as often as monthly. All changes requested through the web will become effective on the first day of the month following the date you change your election. You can use the web to make changes as late as the last day of the month. Changes requested through the web may be made as late as the last day of the month in order to be effective the

first day of the following month. Use the web for changing your elections as follows:

1. From the Commuter Account Plan Home Page select "Contributions" from the top menu bar by clicking the left button of your mouse on the title.
2. Because you will be accessing personal information you will be entering a Log-in Name and Password. Input your Log-in Name and Password as instructed. This will take you to the Commuter Account Plan election screen. (If you are not sure what your Log-in Name is, click on the "Forgot your Log-in information?" from the Log-in screen and input your email address. The associated Log-in Name and password will be emailed to you.)
3. You are ready to make or change your elections. The process only takes a few minutes. You will be able to confirm your Commuter Account Plan elections right on the screen.
4. Select the monthly amounts you would like to contribute to each account and click the ELECT button. If you are unsure how to fill out this form, you may click on the Instructions link to the top right (at the end of the red bar) of the online enrollment form.

Employees who do not have access to the web may submit a paper Commuter Account Plan Enrollment Form. The completed form should be returned to TotalBen at the fax number listed on the form.

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What qualifies as a Vanpooling Commuter Vehicle?

A vehicle is generally considered eligible if it seats at least six adults (not including the driver) and at least 80% of the vehicle's mileage is used to transport employees to and from their place of employment.

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What happens if I have money left in my account at the end of the month?

Transportation and Parking account balances can be rolled forward from month to month or even (unlike the Flexible Spending Accounts) year to year. However, if you find that your Transportation Account or Parking Account balance(s) exceed your current expenses, you may wish to temporarily reduce or stop future contributions. Meanwhile, you can use those account balances to reimburse yourself for any future eligible expenses you incur.

For example, if you elect \$50 per month for parking, go on a two-week vacation and incur only \$25 in parking expenses that month, the remaining \$25 balance would roll over to the next month. Your account balance for the next month would be \$75. You may submit a claim for \$75 in that month if you incur \$75 in expenses that same month. If you don't incur \$75 in expenses that month or in some future month, it may be appropriate to lower your contribution so you don't end up with a balance you cannot use.

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What happens when my employment with my company ends?

Your participation in the Commuter Account Plan ends on the day your employment with your company ends. Even though your employment with your company has ended, however, you may request reimbursement for expenses incurred while you were working. Amounts remaining in your Commuter Account Plan three months after your employment has ended will be forfeited.

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How much can I contribute to a Commuter Account Plan?

Your maximum monthly tax-free election for mass transit, vanpool and parking expenses are limited by the IRS.

- The 2008 maximum contribution to the Transportation Account is \$115 per month (\$1,380 per year).
- The 2008 maximum contribution to the Parking Account is \$220 per month (\$2,640 per year).

These limits are adjusted periodically by the Federal government.

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How do I enroll in the Commuter Account Plan?

You may enroll quickly and easily on-line through the web. Follow these simple steps:

1. From the Commuter Account Plan Home Page select "Contributions" from the top menu bar by clicking the left button of your mouse on the title.
2. Because you will be accessing personal information you will be entering a Log-in Name and Password. Input your Log-in Name and Password as instructed. This will take you to the Commuter Account Plan election screen. (If you are not sure what your Log-in Name is, click on the "Forgot your Log-in information?" from the Log-in screen and input your email address. The associated Log-in Name and password will be emailed to you.)
3. You are ready to make or change your elections. The process only takes a few minutes. You will be able to confirm your Commuter Account Plan elections right on the screen.
4. Select the monthly amounts you would like to contribute to each account and click the ELECT button. If you are unsure how to fill out this form, you may click on the Instructions link to the top right (at the end of the red bar) of the online enrollment form.

Employees who do not have access to the web may submit a paper Commuter Account Plan Enrollment Form. The completed form should be returned to TotalBen at the fax number listed on the form.

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How do I claim reimbursement?

Commuter Account Plan reimbursement claims are generally paperless! You may request reimbursement for eligible expenses on-line through the web. When you use the web to file for reimbursement, you will be prompted, on the web, to provide information about the dates and method of transportation (for Transportation Account expenses) or dates and location of parking (for Parking Account expenses). Once you input this information and verify that it is correct, you will click on the "Submit" button. Your claim will be electronically submitted to TotalBen for processing.

Employees who do not have access to the web may submit a paper Commuter Account Plan Claim Form. The completed form should be returned to TotalBen at the fax number listed on the form.

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How do I request reimbursement if the web is not available to me?

Claim forms are available for terminated employees and those employees who may not have

access to the web.

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How will I be reimbursed?

The method will vary depending on your company's arrangement. You may have your claims reimbursed and added into your paycheck via your companies payroll process. Direct deposit and paper check are other options that are sometimes available.

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Do I need receipts?

You will be required to provide documentation supporting your claim if documentation is received in the normal course of business. If documentation proving your expense is not normally received during the course of business, an affidavit certifying you have had such an expense may be offered instead. A TotalBen claim form includes such an affidavit.

When a receipt is issued during the normal course of business (e.g. a copy of your monthly train ticket receipt), you will be required to submit a copy to TotalBen as soon as possible. (Please note: your claim will be processed immediately and will not be "pending" while TotalBen awaits your documentation.) If you fail to submit the proof to TotalBen within 180 days of filing your claim, your company will be notified and your participation in the program may be cancelled. In addition, the claim reimbursement amount you received without supporting documentation may become taxable income to you.

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How will I know how much money I have in my account?

Your current account activity will be available to you on the web. Here, you will be able to see your current account balance, as well as view previous account transactions (i.e., election changes, reimbursement requests, claim payment approvals, etc.).

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Can I claim highway tolls, commuting mileage, taxicab fares or fuel as eligible expenses?

No.

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Can I use the Parking Account to pay for parking expenses resulting from travel to or from business meetings or to visit clients?

No, parking expenses (as well as mass transit costs) must be for your travel to and from your place of work. Any parking or transit fees that you pay as a result of a visit to a client or a business meeting will not be honored.

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What happens if I submit a claim and my Account balance is less than the amount of the claim?

You will be reimbursed up to the amount of your Account balance. The remaining claim submission will be pended and paid when your Account is funded again with payroll deductions.

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Is there a minimum claim amount?

There is no minimum claim amount; however, your Plan may place a minimum on the amount for which reimbursements may be issued (usually \$15). If a claim is submitted for less than the minimum, it will be held until subsequent claims total more than the minimum.

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After a service is provided, how long do I have to submit my claim?

IRS regulations specify that the expense must be substantiated within a reasonable period of time. An expense substantiated to the payor within 180 days after it has been paid will be treated as having been substantiated within a reasonable period of time. Your completed claim will be processed whenever it is received by TotalBen. Please try to submit your claim within 180 days after the service was provided. (However, it is recommended that you do not wait that long.)

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Can I use a Commuter Account to pay for my spouse's and/or dependent's mass transit or workplace parking expense?

No. This Account can only be used to pay for your own qualified expenses.

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Can I use my Commuter Account to pay for business or personal travel expenses?

No. Only expenses incurred for your workplace parking and mass transit commuting are eligible.

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Can money in a Parking Reimbursement Account be used for Mass Transit expenses and vice versa?

No. Money directed to one type of Account can be used only for expenses relating to that Account. This is true even if all the money in one Account is not used and the other Account runs short.

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Who is responsible for determining eligibility of expenses?

Eligibility of expenses is dictated by the IRS and those guidelines are used by TotalBen. The services of an attorney are utilized if an additional opinion is needed or research is required to clarify the eligibility of an expense.

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Can I stop participating in a Commuter Account?

You may elect to stop contributing to your Commuter Account (that is, to make a \$0 election) at any time. Changes are always effective the first of the following month. Your Account balance will continue to be available for use until the funds are exhausted or your Account is closed.

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What happens if I close my Account?

An employee can not close an Account. An account with no active payroll deductions (that is, a \$0 election) and a zero balance is still an active account. You may decide to start contributing again at any time. Typically, Accounts do not close unless you are terminated and the account balance is zero or more than three months have passed since your termination. Once an account is closed, any remaining funds are forfeited.

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Am I required to include any special reporting on my tax return (1040 Form) regarding contributions to the Commuter Account Plan?

Information about a Commuter Account does not need to be reported for income tax purposes. The total earnings reported on your W-2 form will exclude any tax-free Commuter Account payroll deductions.

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Why are there two different accounts?

This benefit designed as two separate accounts - Transportation Account and Parking Account - to comply with federal regulations governing pre-tax transportation benefits.

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Can I participate in both accounts?

Yes. Many people drive to a mass transit parking lot and then take a train, bus or subway to work. These people can have expenses reimbursed under the Parking Account and expenses reimbursed under the Transportation Account.

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What are some examples of expenses that are NOT eligible under the Commuter Pre-tax Accounts?

- Tolls, traffic tickets, fuel, mileage or other costs incurred to operate a personal vehicle or taxi.
- Any expense reimbursed under your company's business expense reimbursement policy.
- Any expense incurred before the month in which your first contribution is deducted.
- Expenses incurred by another family member.
- Taxi fares and airline tickets.

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Are pre-tax Commuter Accounts just like Health Care and Dependent Day Care Spending Accounts?

Both the Commuter Accounts and Spending Accounts give you an immediate tax break and easy automatic payroll deductions. But there are three important differences. Unlike Spending Accounts, the Commuter Pre-tax Accounts allow you to:

1. Enroll or cancel your payroll deductions on a monthly basis anytime during the year, not just during annual enrollment or without experiencing a **life event**.
2. Change your contribution amount on a monthly basis, for any reason.
3. Roll over any unused balance in your account(s) from one year to the next (provided you're still employed at your company).

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What happens if I've elected a \$45 monthly Transportation contribution but then in one month I have a \$65 Transportation expense?

According to IRS regulations, you may receive reimbursement for an amount that exceeds your monthly contribution amount provided that it does not exceed the actual monthly plan limit or balance in your account(s). In this situation, if the balance in your account is equal to or greater than \$65, you will be reimbursed for the full amount. This is because \$65 is less than the IRS monthly limit (\$110 for a Transportation Account in 2007). If the balance is less than \$65, for example only \$45, the remaining \$20 will be pending until the next contribution is made to your account. At the time of contribution, all pending claims are automatically re-adjudicated.

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If I stop participating, will I receive a refund of my unused account balance(s)?

No. You may stop contributing (\$0 election) or change your contribution amount at any time, effective the first of the following month. You may continue to submit claims for expenses incurred. Stopping your contribution does not stop your participation in the plan. The only way to receive reimbursement is to incur and file valid expenses.

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What if I pay for parking quarterly?

You may elect a Parking Account monthly contribution equal to the true monthly expense. For example, if you pay \$225 for January, February and March parking, you could elect a \$75 monthly contribution. You may then submit claims each month equal to the monthly expense of \$75.

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How can I find out about mass transit options in my area?

Visit the [Mass Transit Carriers](#) page and click on any of the carries to view their website with maps, schedules and rates.

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How long do I have to wait for reimbursement?

That depends on how you make your claim and which form of reimbursement applies to you.

- Claim Filings:
 - If you file a claim for reimbursement of expenses already paid, the claim will not have to pend.
 - If you file a claim for reimbursement on the website, the claim will be adjudicated immediately (unless your carrier is not listed in the dropdown).
- Claim Reimbursements
 - If your company participates in the direct payroll process, your refund should post within one or two pay cycles after you file (it depends on the payroll **run** date, not the paycheck date).
 - If your company participates in the direct deposit process, your refund should post within ten business days after you file.
 - If your company participates in the paper check process, your refund should post by the 20th of the month after you file.

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If I only have parking expenses in the summer, can I elect to contribute a smaller amount throughout the year instead of just before the summer?

An employee can choose to contribute any amount (within plan limits) and at any time (effective the first of the following month). For instance, if an employee anticipates having \$200 of parking expenses in August, the employee may elect to have a \$25 monthly contribution starting in January. This will create a \$200 balance by the end of August. The employee may file a \$200 claim for August even though the monthly contribution is only \$25.

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Can I file for expenses in the past with current funds?

The short answer is **yes**. The IRS, and specifically John Richards, ruled that the following situation could be adjudicated and paid out at the full amount:

If you enrolled in CAP and contribute \$10 a month (starting in January) and never file a claim. Today is August, so your account has \$80. You may file an \$80 claim today for valid expenses incurred in June. You will be reimbursed for the full amount (\$80).

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Can I file future dated claims?

The short answer is **no**. The IRS final regs clearly state that a reimbursement arrangement does not include an arrangement that is dependent solely upon an employee certifying in advance that the employee will incur expenses at some future date.

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How do I file a claim if my carrier or parking facility is not listed in the dropdown box on the claim screen?

From the Mass Transit Carrier or Parking Facility dropdown, choose OTHER (either at the end of the list or under "O" - its in both places). A textbox will appear directly under the dropdown. Enter enough information about the Carrier or Facility so that your claim may be properly adjudicated.

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How will my W-2 be affected?

Your taxable wages in Box 1, Social Security and Medicare wages in Boxes 3 and 5, and state (except NJ) and local wages in Boxes 16 and 18 will be reduced by the value of the pre-tax commuter deductions from your pay. Your wages will not be increased by the value of your commuter reimbursements. Payroll deductions covered under the Internal Revenue Code Section 132 may be shown in box 14 for certain states and local W-2. It is not required on the federal W-2.

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TotalBen LLC reserves the right to amend or terminate this program at any time.

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