



COMMUTER BENEFITS GUIDE

Employer Services



TABLE OF CONTENTS

Introduction	3
Benefit Options	4
Implementing Tax-Free Benefits	6
How ATP Can Help Your Company	7
Resources	8

INTRODUCTION

Arlington Transportation Partners offers complimentary assistance to help you minimize transportation challenges and give your business a competitive edge.

Is your organization looking to:

- ❖ Attract and retain the best employees
- ❖ Offer a more robust benefit package
- ❖ Save your employees money
- ❖ Contribute tax savings to your company's bottom line
- ❖ Do your part for the environment

You can do it all by offering commuter benefits.

What are Commuter Benefits?

Commuter benefit programs were established by and are regulated under the Section 132(f) of the IRS Tax Code. Federal law allows employees to deduct up to \$255 per month in pre-tax income to use for transit passes or vanpool costs. Or employees can receive up to \$20 per month for bike commuting.

Offering pre-tax benefits lowers an employee's taxable income, which allows both employees and employers to save money. The employee saves federal withholding and FICA payroll taxes on the amount deducted. The employer also saves paying FICA on the amount deducted.



BENEFIT OPTIONS

Commuter benefits can be offered to your employees in a few different ways.

Transit and Vanpooling

1. Direct Benefit (Subsidized)

The employer can cover the full cost of the transit benefit, up to \$255 per month.

2. Pre-Tax Benefit (Unsubsidized)

The employer can allow employees to reserve income on a pre-tax basis to cover the costs of the commuter benefit, up to \$255 per month.

3. Combination Benefit

The employer and the employee can share the cost of the benefit, up to \$255 per month.

Biking

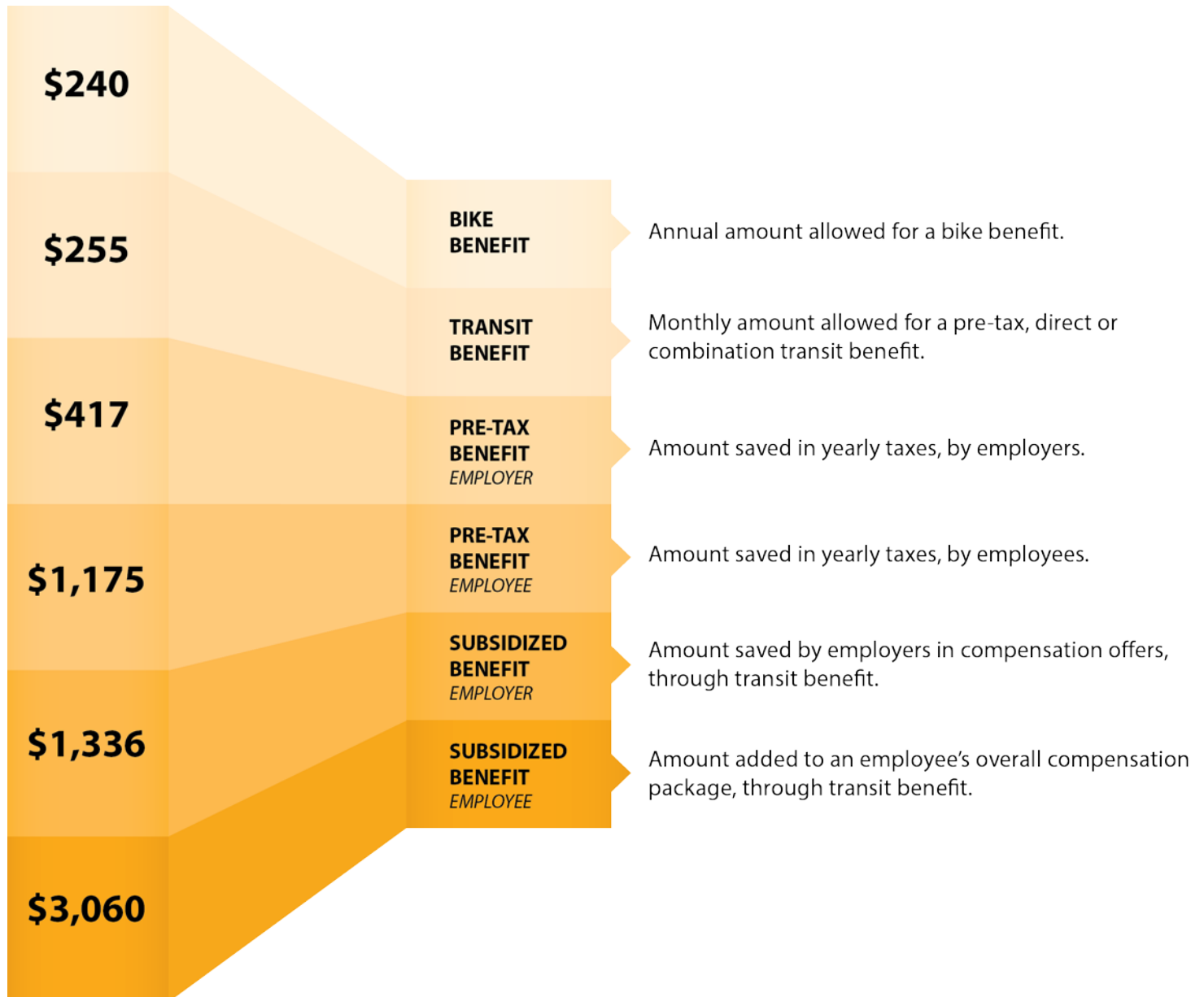
1. Bike Benefit

The employer can cover the full cost of the bike benefit, up to \$240 per year.

Employees who bike a substantial portion of the month can be reimbursed for reasonable bike expenses up to \$20 per month. The benefit can be applied towards bike purchases, improvements, repair or storage. Bike commuters who receive any other transportation benefit are not eligible to receive the bike commuter benefit in the same month.

BENEFIT OPTIONS

Understanding the commuter benefit for both employers and employees.



IMPLEMENTING TAX-FREE BENEFITS

Six easy steps to implement pre-tax, direct or combination benefits for your business.

1. Determine which department will be implementing the program (HR, Payroll, Union Representatives, etc).
2. Verify employee needs and transportation services used (Metrorail, Bus, VRE, Bike, etc). If necessary, ATP can confirm needs through a complimentary transportation survey.
3. Decide the type of transit benefit your organization would like to provide: Direct, Pre-Tax, Combination or Bike.
4. Create a simple plan document. This will help administer the plan and can detail the parameters set by your organization in regards to who is eligible as well as how and when employees enroll and leave the program.
5. Create an election form.
 - ❖ If **employees** pay for a portion or all of the transit benefit with pre-tax income, they are required by the IRS, to elect a reduction in their salary through an election form. This must be completed prior to receiving the benefit. The form must include the date of the election, the amount of compensation to be reduced and the period for which the election will apply.
 - ❖ If **employers** pay for the entire transit benefit, this is not necessary.
6. Keep accurate records of each employees' modified payroll and pre-tax salary reductions.
 - ❖ If **employees** are paying with pre-tax dollars, payroll will need to be modified to withhold salary from employees, and W-2s will need to reflect the reduced wages.
7. Introduce the new transit benefit to employees with the help of Arlington Transportation Partners.

WHY PARTICIPATE?

When a company offers a transit benefit, employees stand to save money by switching their commute and ditching the car keys.

There are a lot of reasons to commute without a car, but many people won't fully recognize these reasons without some sort of financial motivation to nudge them in that direction.

A commuter benefit is the lynchpin that allows people to see the numerous benefits biking, walking, transit and pooling have to offer.

HOW ATP CAN HELP YOUR COMPANY

ATP can help establish and administer a program that meets IRS requirements for tax-free transit benefits.

- ❖ Providing information on tax-free commuter benefit choices
- ❖ Helping choose the best program through employee commute surveys and meeting to share results
- ❖ Step-by-step implementation process, including
 - ✓ Establishing a program
 - ✓ Open enrollment
 - ✓ Promotion of the program
- ❖ Ensuring success through follow-ups and tax law updates
- ❖ Providing samples, including:
 - ✓ The IRS tax code
 - ✓ Promotional e-mails
 - ✓ Program guidelines
 - ✓ Enrollment forms
 - ✓ Transit information
- ❖ Participating in open enrollment events to encourage employees to sign up
- ❖ Hosting a workshop or seminar to explain tax-free transit benefits

"I feel more connected to the city using public transportation. More invested. More at home. Arlington is a wonderful community and it's nice to know I'm doing my part to make the streets a little less crowded."

- Ayanna, Arlington Free Clinic



RESOURCES



Arlington Transportation Partners

ArlingtonTransportationPartners.com

703.247.2417 | solutions@transpartners.com

Arlington Transportation Partners, a division of Arlington County Commuter Services within the Department of Environmental Services, provides transportation expertise and services to businesses, residential communities, commercial properties and schools in Arlington County, Virginia.



Arlington County Commuter Services

ArlingtonVA.us

703.228.3344 | des@arlingtonva.us

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Commuter Connections

CommuterConnections.org

1.800.745.RIDE (7433)

Commuter Connections provides ride-matching services for individuals wishing to join a carpool or vanpool and administers the region's free Guaranteed Ride Home program.