

**2012 Plan Year*****Read All About It!*****2** Parking Spending Account**3** Transit Spending Account**4** Debit Card!**Custom Benefit Administrators**

P.O. Box 2170  
 Rocklin, CA 95677  
 916.303.7090 Customer Service  
 800.574.5448 Toll Free  
 916.303.7083 Fax  
[www.cbadministrators.com](http://www.cbadministrators.com)

This outline provides general information about your Parking & Transit Plan (P&T Plan). Participating in the P&T Plan can save you hundreds, or even thousands of dollars in taxes every year. Quite simply, if you incur qualified expenses and don't participate in your P&T Plan, you could be voluntarily over-paying taxes!

The primary benefit of a P&T Plan is the elimination of taxes on money you already spend. How? Under Federal law your employer can offer you the option to pay for qualified parking, mass transit and van-



# Berkeley USD

## Parking & Transit Newsletter

pooling expenses with before-tax (tax-free) dollars. If you choose to participate, you will lower your taxes. When you lower your taxes you have more money to spend!

There are two accounts in your P&T Plan. First, you can eliminate taxes on some, if not all of the amount you pay to park for work. Second, you can eliminate taxes on the amount you pay for qualified mass transit and van-pooling expenses (subject to plan maximums). You may choose to participate in one or both of these accounts.

While your P&T Plan provides great tax savings, there are some basic rules that you must follow. A few of the more important rules are: (1) you may only change your P&T elections at certain intervals; (2) once contributed, you may only use transit funds for transit expenses and vice versa; (3) money contributed to a Parking or Transit account may only be used to pay for qualified expenses.

You may not "cash-out" your accounts; (4) you may not be reimbursed for expenses incurred after you lose your eligibility to participate in the Plan. So don't permit your account balance to grow beyond the amount you can claim at any one time; and finally, (5) at the end of each plan year you only have a limited time period to submit claims for the previous plan year. After your "run-out period" ends, any unclaimed balance will "roll-over" and may only be used for expenses incurred during the new plan year. So be sure to zero out your P&T accounts by the last day of each plan year!

While there are a few restrictions, taking advantage of these valuable accounts is easy once you understand the rules. We encourage you to read all your P&T material carefully and contact CBA Customer Service for assistance. We are here to help you in any way we can.

**SAVE! SAVE! SAVE! SAVE! SAVE!**



## How does the Parking Spending Account work?

The Parking Account enables you to pay for your work-related parking costs at or near your place of work with pre-tax dollars. The account will also cover the parking costs associated with a mass transit facility you use to commute to and from work.

## What types of parking expenses are eligible?

There are several types of parking expenses that can be reimbursed by this account.

They include:

- Monthly or daily parking
- Metered parking
- Parking at a mass transit facility to commute to work

Any parking expenses already deducted from your paycheck are not eligible under the Parking Spending Account. These deductions will automatically be done on a pre-tax basis.

## How much money can I set aside for parking expenses?

The 2012 Parking limit is \$240 per month. The limit for the Parking Account is a monthly limit, rather than an annual limit. This means that you can only be reimbursed up to the monthly limit for every month of service that you claim.

## Are there any types of parking expenses that do not qualify?

Certain types of parking expenses will not be reimbursed

by the Parking Spending Account. They include:

- Parking for business meetings
- Parking that is reimbursed by the company
- Parking costs already deducted from your paycheck

## Do I need to keep my receipts?

Yes. Parking receipts can come in



many shapes and forms. Your documentation for a parking claim must include a receipt or bill showing the date of service and the cost. For monthly parking, a copy of the monthly contract or bill will suffice.

## What about metered parking?



Since metered parking does not typically provide a receipt, you will need to create an itemized list showing the dates of service and the cost for parking. The receipt must be certified by your signature.

## What if I don't use the funds in my account?

If you have funds in your spending account at the end of the benefit plan year, your funds may rollover into the next year's account. The rollover of funds will occur after there has been a sufficient grace period for submitting claims against the previous benefit plan year.

## What kind of savings could I expect to receive if I sign up?

Participating in a Parking Account can provide some substantial tax savings.

The following example compares the tax savings for someone who participates in a pre-tax parking account versus someone who does not.

### *Without Parking Account*

35,000	Gross Pay
<u>-11,428</u>	Taxes @ 32.65%
23,572	
<u>-2,340</u>	Parking Costs
21,232	Net Pay
<b>\$1,769 Monthly Pay</b>	

### *With Parking Account*

35,000	Gross Pay
<u>-2,340</u>	Parking Costs
32,660	
<u>-10,663</u>	Taxes @ 32.65%
21,997	Net Pay
<b>\$1,833 Monthly Pay</b>	

In this example, this employee would save \$64/month using the Parking Spending Account — that's a savings of \$768.00/year.



## How does the Transit Spending Account work?

The Mass Transit Account allows you to set aside tax-free dollars that can be used to reimburse you for your work-related mass transit expenses.

Qualifying mass transit expenses must be incurred exclusively for your commute to/from work.

In addition, you may not be reimbursed for expenses incurred by anyone other than yourself, including expenses incurred by your spouse.

## What types of transit expenses are eligible?

There are several types of mass transit expenses that can be reimbursed by this account. They include:

- Bus vouchers, pass, and tokens
- Ferry passes
- Van-pooling
- Commuter Rail

## How much money can I set aside?

The 2012 Transit limit is currently **\$125** per month. The limit for the Transit Account is a monthly limit, not an annual limit. This means that you can only be reimbursed up to the monthly limit for transit expenses incurred during each calendar month.

## Are there any special rules for vanpools?

Yes. The Vanpool must meet the following three (3) criteria to be an eligible expense.

- the vehicle must have a seating capacity of at least six (6) adults excluding the driver

- 80% of the mileage must be for the purposes of transporting eligible employees
- At least half the capacity must be utilized by eligible employees for the purpose of transportation to and from work.

## Are there expenses that do not qualify?

Certain types of transit expenses will not be reimbursed by the Parking Account, including:

- Transit costs reimbursed by the company
- Transit costs already deducted from your paycheck
- Tolls

## Do I need to keep my receipts?

Of course! As with any tax deduction, you are responsible to maintain records.



Transit receipts can come in many shapes and forms. Your documentation for a transit claim must include a receipt or bill showing the date of service and the cost.

## What if I do not receive a receipt from my vendor?

Some mass transit facilities do not provide receipts. If a receipt is not provided by your vendor, then you may sign an affidavit certifying that a receipt is not provided on your claim form (if you register claims online, you must state that you did not receive a receipt in the Description field).

Remember, losing or misplacing your receipt does not qualify for this exception. If you lose your receipt, you may not be reimbursed for the expense.

## What if I don't use the funds in my account?

If you have funds in your spending account at the end of the benefit plan year, your funds will rollover to the next year's account. The rollover of funds will occur after there has been a sufficient period to submit your claims for the previous year. Once your funds have been rolled-over to the new year, you may not be reimbursed for expenses incurred during the previous year.....so don't procrastinate!

## What tax savings can I expect?

Participating in the Transit Account provides substantial tax savings. The following examples are provided to help determine your savings:

### *Without Transit Account*

35,000	Gross Pay
-11,428	Taxes @ 32.65%
23,572	
-1,200	Transit Costs
22,372	Net Pay
<b>\$1,864 Monthly Pay</b>	

### *With Transit Account*

35,000	Gross Pay
-1,200	Transit Costs
33,800	
-11,038	Taxes @ 32.65%
22,764	Net Pay
<b>\$1,897 Monthly Pay</b>	

This employee saves \$33/month by using the Transit Account — that's a savings of \$396.00/year.



### How does my Debit Card work?

Your debit card can be used to pay for qualified expenses directly from your Parking or Transit account. You can use the card at any parking facility that accepts VISA and (for transit expenses) any dedicated transit terminal where VISA is accepted.



### Do I use a "PIN"?

No! Your card is a signature based debit card. If the vendor asks for a PIN, instruct them to swipe your card as credit.

### What if my parking vendor does not accept VISA?

You will need to use another form of payment and submit the claim for reimbursement.

### What if my Transit Vendor does not have approved payment terminals?

Your debit card will only allow you to purchase transit faire at a transit terminal that has been approved for use with transit debit cards (such as your CBA card). If your transit vendor's terminals are not approved, you'll have to use another form of payment to make your purchases.

### Is there a list of approved vendors?

Yes, a list is included with your material.

### Do I need to provide CBA with receipts when I use

### my debit card for transit purchases?

No! When you use your CBA debit card to purchase transit faire, your purchase is approved on the spot and you will not be asked for additional information.

However, you may be required to provide a receipt when you use your debit card to pay for parking expenses. CBA will send you a request each time supporting documentation is required.



### What if my vendor does not provide receipts?

If CBA requests a receipt but you do not receive one from your vendor, you can certify that a receipt was not provided and CBA will waive the requirement.

### What if I lose my documentation?

If you received a receipt but are unable to provide it to CBA when requested, you will have to repay the debit card payment.

### How do I pay back a debit card payment?

CBA will assist you. In most cases you can write a check or CBA may be able to draft the funds from your bank account.

### What should I do if I purchase an ineligible expense with my card?

You will be required to repay the amount you charged.

### What happens if I cannot repay a charge?

Repayment is not an option. If you cannot repay a charge when required, your card privileges may be suspended and the amount due may be deducted from a future claim. In extreme cases, you could lose your eligibility to participate in the Plan.

### Do I pay a fee for the debit card?

No! The cost of your card is paid for by your employer.



### Can my spouse have a card?

No! The debit card may only be used to pay for your personal work-related parking and mass transit expenses.

### What do I do if my card is lost or stolen?

You must report it to CBA immediately. If you report the missing card timely, you will not be responsible for fraudulent use. However, you may be charged a \$10 fee to replace a lost or stolen debit card.

### If my account balance is zero, should I destroy my debit card?

No! Keep your card. It is good for up to 3 years. If CBA has to reissue your card before it expires, you may be charged a \$10 fee.

### Is this the same debit card that I use for my Medical FSA?

Yes!