

Transportation Reimbursement Arrangement Enrollment Guide

Use pre-tax dollars for work-related mass transit expenses
 Save up to 40% on your eligible expenses!

OVERVIEW

A transportation reimbursement plan enables you to set aside money on a pre-tax basis to pay for your out-of-pocket work related transportation expenses (e.g. bus vouchers and passes, ferry passes, vanpool, commuter rail). There are two components to your plan:

- **Conversion Benefit** allows you to use pretax dollars to pay for transportation passes. For transit passes, your employer must purchase the transportation pass on your behalf and your portion of the cost will be deducted pretax through a salary reduction.
- **Reimbursement Benefit** makes it possible to purchase transportation benefits on your own and request reimbursement for eligible purchases from pre-tax dollars. For this benefit, you must make an election and submit claims to receive reimbursements.

TAXES 101

Before we go into the details of how the benefit works, here's a quick introduction to how taxes work. The federal government takes about 30% of each dollar that you earn in FICA and federal income tax, and you take home the remaining 70% to use for your living expenses. With a transportation reimbursement benefit, you can set aside money from your paycheck, before the federal government takes their 30%, to pay for eligible expenses. Let's look at an example of how you save:

Employees A and B both earn \$35,000 per year after exemptions and standard deductions. They both also pay \$2,400 per year for transit expenses.

<u>Employee A</u> <i>Without Commuter Plan</i>	<u>Employee B</u> <i>With Commuter Plan</i>
\$35,000.00 Gross Pay	\$35,000.00 Gross Pay
<u>-\$7,092.50</u> Taxes	<u>-\$2,400.00</u> Transit
\$27,908.00	Costs
<u>-\$2,400.00</u> Transit	\$32,600.00
Costs	<u>-\$6,548.90</u> Transit
\$25,508.00 Net Pay	Costs
	\$26,051.10 Net Pay
\$2,125.66 Monthly Pay	\$2,170.93 Monthly Pay

Employee B saves \$45.27 per month using an FSA — that's over \$543.24 per year in savings!

TAX RATES

The federal income tax rates change on a yearly basis. In addition to federal income tax, you may also have a state income tax. FSA deductions are exempt from FICA, and federal income tax. Although each state differs, deductions are typically exempt from most state and local taxes as well.

HOW DOES IT WORK?

- During your employer's open enrollment period estimate your expenses for the plan year to help determine how much you should elect for the plan year. Take into account that there's a maximum amount that you can contribute to the commuter plan each month. The monthly maximum is determined by the IRS and is subject to change. The current maximum is \$270/month.
- Your election will be deducted from your paycheck throughout the plan year pre-tax, so you don't pay FICA (7.65%), federal income tax (10-35%) (and possibly state & local taxes) on your elected dollars.
- Once you are enrolled, your employer may permit changes to your benefit election mid-year. Your employer may also permit you to join or stop your transportation benefit. Please refer to your Summary Plan Description to determine whether your employer permits mid-year changes.
- Some plans have a Rollover feature. With this feature, unclaimed money left in the benefit at the end of the run out period will be rolled into the following year's benefit. This rolled over amount will affect your balance for the new plan year. Please refer to your Summary Plan Description to see if your plan has this feature.

HOW DO I GET REIMBURSED?

1. Complete and sign a claim form. Include documentation for your expenses.
 - a. The documentation must show the date of service(s), cost, and the type(s) of expense you are claiming. Do not submit copies of cancelled checks, credit or debit card receipts.
 - b. Expenses must be incurred during the plan year and while you are an active participant in the plan.
 - c. Any expenses incurred prior to your effective date in the plan cannot be reimbursed.
2. Submit the claim and documentation to Navia Benefit Solutions via email, fax, or mail. Your claim will be reviewed and processed within two business days and a reimbursement will be issued according to your employer's reimbursement schedule.

NaviaBenefits.com

Our website is full of useful tools and information:

- Upload claims
- Access the MyNavia app for Android or iOS
- View benefit activity
- Research eligible expenses
- Obtain plan forms and documents
- Use the Tax Savings Calculator

Once you are enrolled in the plan, you can register and view your personal plan info.