



Subject: **Transit Benefits**

Effective: 3/15/2016

Eligibility: All blueStone Palatine employees

**Policy:**

It is our policy to provide benefits that assist our employee with the cost of utilization of the government transit savings program.

**Transit Fare Benefit Program:**

- The **Transit Fare Benefit Program** is an employee benefit program administered by blueStone. It allows employees to pay for your transit rides using **pre-tax dollars** – up to **\$255** per month (**\$3,060**/Calendar year 2017) The actual limit is determined by congress annually.
- The program is based on a federal tax law designed to encourage the use of public transit. An amendment enacted under the Transportation Equity Act for the 21st Century (TEA-21) expanded the definition of the Qualified Transportation Fringe provision of the Internal Revenue Code, Section 132(f).
- Because of the pretax nature of the program, savings for employees can be as much as 40 percent.

**How the Program Saves You Money:**

*(Example purposes only, exact savings depends on your personal income tax rate)*

Tax Advantages of Transit Benefit (Yearly Calculation)

<b>Employee Costs</b>	<b>Amount</b>
Annual Transit Set-Aside	\$3,060.00
Federal Income Tax Saved	(\$856.80)
Employee/Medicare FICA 7.65% Saved	(\$234.09)
State Income Tax Saved <i>(If allowed by your state)</i>	(\$153)
<b>TOTAL TAX SAVINGS FOR \$3,060 IN TRANSIT</b>	<b>\$1252.89</b> (-40%)

**Procedure:**

On a monthly basis, provide us your receipts or your credit card statements showing your monthly purchases of tickets or passes for work use. Reimbursements will be processed the 2<sup>nd</sup> pay period of the month on your paychecks. You will see a reduction in taxes taken and an increase in net pay associated with the reimbursement.

- On a monthly basis we will process the receipts through payroll to provide you the tax savings.
- Future options for the program will include a payroll deduction directly funding your Ventra accounts.

The program covers commuting expenses using transit options of van pools, buses, L and Metra trains, and paid parking areas at work.