

Transportation Fringe Benefit (TFB)

Help your employees lower their taxes with this Section 132 account.



The Section 132 Transportation Benefit from PacificSource Administrators allows your employees to set aside pretax dollars to pay for work-related parking, transit passes, and van pooling. The elected amount is deducted from their gross income prior to any federal, state (as applicable), and FICA calculations. As a result, they save on taxes by reducing their taxable salary. Because your total payroll is smaller, you save significantly on payroll taxes.

How the Plan Works

- Employees may contribute money each month for work-related parking expenses and/or qualified transit passes.
- Elected amounts are sent to PacificSource Administrators on a per-payroll basis.
- As employees pay for qualified expenses, they simply submit reimbursement requests with proof of payment to PacificSource Administrators.
- We issue reimbursements directly to employees as soon as funds are available in their accounts.

- Employers have the option of allowing employees who have funds remaining in their accounts at the end of one plan year to have those funds rolled into their accounts for the next plan year. Otherwise, remaining funds are forfeited at the end of the plan year.

Getting Started

Plan set-up is fast and easy. Just contact PacificSource Administrators to get started. We'll provide enrollment forms and plan summaries for easy communication. You give the forms to your employees, they make their elections and return them to human resources, and then payroll sets up two new deduction codes (one for parking and one for transit expenses). Employees may file claims after the first payroll reduction has occurred.

Ongoing Administration

As the employer, you are responsible for reporting new elections, changes in elections, and termination dates. You will also be in charge of submitting employees' pretax dollars to PacificSource Administrators.

Questions?

Contact PSA-TPA Sales and Service for assistance with questions, quotes, and information. Call us at (800) 422-7038 and ask for PSA Sales, or email us at psasales@pacificsource.com.

[PacificSource.com/PSA](https://www.pacificsource.com/PSA)



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Employer Reporting

Employers can run reports through our employer portal on our MyFlex website to get details like participants' year-to-date account information, including contributions, claims processed, and claims paid, along with their available balances.

Potential Tax Savings

Participating employees can save approximately \$0.30 (\$0.23 in Washington) on every dollar allotted for the plan (federal, state (as applicable), and FICA). Those in a higher federal tax bracket will save even more.

Questions and Answers

Who is eligible for the Transportation Benefit?

Only employees are eligible to participate in the Section 132 Transportation Benefit. Self-employed individuals (partners, sole proprietors, and more-than-2% subchapter S shareholders) are ineligible for the income exclusion. Independent contractors are also not eligible. Your PacificSource Administrators representative will work with you to resolve any eligibility questions.

Is this different than our Flexible Spending Account plan?

Yes, this is a separate tax code. Funds left in the transportation plan at the end of the year may be rolled into the next year. Upon termination, however, funds remaining in the account will be forfeited back to the employer.

Can employees drop the plan, and then re-enroll later?

A participant may change or terminate their election for a future calendar month(s), as long as the following provisions are met:

- a) The change is made before the beginning of the upcoming calendar month; and
- b) The change is made before the date they receive or use benefits for that calendar month

Can employees carry over unused funds from one month to the next?

Yes, but only if the amount requested does not exceed the federal limits per month.

How soon must employees submit claims?

They may submit requests for reimbursement at any time during the year, and have until 90 days after the plan year to make requests. Otherwise funds will be rolled into the next plan year if allowed by the plan.

What if employees want to change their deduction amount?

We allow employees to make changes at any time. To make a change, the employee should complete a change form and submit it to your payroll department. Changes can't be retroactive.

About Us

PacificSource Administrators offers a broad range of administrative benefits services, including self-funded insurance plans, flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), premium-only administration, and COBRA/retiree administration. We've been serving the Northwest since 1987. We pride ourselves on providing full program administration for the employer, informing employees as to how they will benefit, and providing education and prompt service to participants.