

Overview of Transit Benefits

Larry Filler

President, LF Consulting

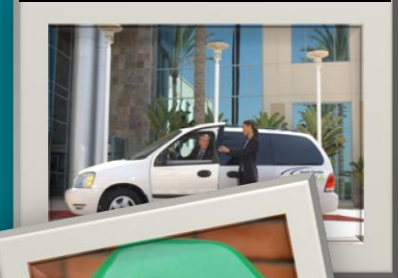
Princeton, NJ



2011 Fare Collection Workshop

Qualified Transportation Fringe Benefits (QTF) Overview

- Began in 1993; IRC Section 132(f)
- Employer-provided benefit
- Tax-free, i.e. excluded from taxable salary
- Pretax or Fringe Benefit
- Eligible Expenses
 - Transit Pass
 - Commuter Highway Vehicle (Vanpool)
 - Qualified Parking
 - Bicycle Commuting (Fringe Only)



QTF - 2011 Tax Limits & Savings

- \$230/month (\$2,760/year)
 - Transit passes
 - Vanpools
 - Qualified Parking
- Maximum benefits for commuting: \$460/month (\$5,520/year)
 - Transit pass and qualified parking
 - Vanpooling and qualified parking
- Bicycle benefit is \$20/month (\$240/year)
 - employer paid only
- Employees save up to \$1000/year or more
- Employers save up to \$100/year/employee or more



QTF - Market Penetration Estimates

- Over 1 million transit benefit users (employees)
- \$1+ billion in fare revenues
- 25,000+ employers
- Substantial use in top twelve transit markets
- Transit benefit users in most transit markets

IRS Requirements Impacting Fare Collection

- Limited to eligible expenses
- No mixing of funds among benefit categories
- Substantiate expenses or use compliant benefit products or processes
 - Transit fare media
 - Terminal limited debit cards
 - Vouchers
 - Transit account funding
- Monthly tax free limits on account funding
- No cash refund to employees at account closing
- No cash exchange or refund