



# Pre-Tax Transportation Benefit Pilot Program

A Program for Eligible Employees of the State Executive Branch

## PRE-TAX TRANSPORTATION BENEFIT PILOT PROGRAM

The Pre-Tax Transportation Benefit Pilot Program ("PTBP" or "Program") is being offered to eligible Oahu employees of the State Executive Branch. This is a **tax savings benefit program** which is authorized under the Federal Transportation Equity Act for the 21<sup>st</sup> Century, Section 132(f) of the Internal Revenue Code (IRC). This Act allows employees to pay for qualified transportation expenses **before** federal, State and FICA taxes are computed.

Please read this flyer carefully so that you can determine the Program's effect on your retirement, social security, deferred compensation, and tax-sheltered annuity benefits.

## WHAT QUALIFIED TRANSPORTATION EXPENSES ARE INCLUDED IN THE PROGRAM?

- Bus Passes for TheBus;
- TheHandi-Van service; and
- vRide (fka Vanpool Hawaii) fees

## WHO'S ELIGIBLE TO PARTICIPATE?

Employees of the State Executive Branch (excluding the DOE) who are eligible to participate in the State of Hawai'i Employees' Retirement System, who live and work on Oahu, and who do not have parking in a State-controlled lot with a parking payroll deduction are eligible to participate. If you would like to participate in vRide, you may retain or take a parking assignment in a State controlled lot on a post-tax basis. If you would like to enroll in the Program for Handi-Van services, you must also possess a current Handi-Van Identification Card issued by TheBus.

## HOW DOES THE PROGRAM WORK?

You may authorize your employer to have your designated transportation expenses deducted from your paycheck(s) on a **pre-tax** basis. This means you will save money on your bus pass, Handi-Van or vRide expenses.

A single recurring monthly payroll deduction will be made **before** federal, State and FICA taxes are withheld.

The single monthly deductions will occur on the 20<sup>th</sup> of each month.

Your employer will purchase a regular bus pass, Handi-Van fare coupons or vouchers redeemable with vRide and distribute it to you on a monthly basis.

**For Senior and Disability Annual Bus Passes:** A one-time deduction will be made and a voucher, to be redeemed with TheBus when obtaining your annual bus pass, will be purchased and distributed to you.

Your bus pass, Handi-Van fare coupons or vouchers are for your use

only and cannot be used by your spouse, dependents, or others.

## HOW MUCH WILL I SAVE?

The savings for each employee will vary depending on your tax bracket, but the following provides an example of how this benefit works:

Based on an annual salary of \$24,000\*

	Pre-Tax	After-Tax
Salary	\$24,000.00	\$24,000.00
Pre-Tax	720.00**	-0-
Taxable Income	23,280.00	24,000.00
Federal Tax	1,468.80	1,540.80
State Tax	1,009.92	1,056.00
FICA Tax	1,781.04	1,836.00
After-Tax Deduction	-0-	720.00**
Spendable Income	19,020.24	18,847.20
<b>Tax Savings Per Year</b>	<b>\$173.04</b>	

(Note: The chart is being provided for illustrative purposes only. Withheld taxes are based on 2015 Federal & 2015 State Income Tax Withholding Tables.)

\*Claiming married and 0 exemptions

\*\*Monthly Bus Pass rate of \$60.00

**Employees participating in the Program for TheHandi-Van service and vRide fees may expect an even greater annual tax savings!**

## HOW DO I ENROLL?

### For Bus Passes

**Eligible employees interested in a regular monthly bus pass may enroll any time during the year.**

Submit a "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form" or "Enrollment Form" to your Department Coordinator. The Enrollment Form may be obtained from your Department Coordinator or you may download it from the DHRD website:

<http://dhrd.hawaii.gov/state-employees/employee-benefits/>

Passes/vouchers will be issued provided a valid payroll deduction can be made from your paycheck. Payroll deductions and issuance of monthly passes/vouchers will automatically continue until you cancel your enrollment.

*If you are interested in a Senior or Disability Annual Bus Pass, please contact your Department Coordinator.*

### For The Handi-Van services:

Handi-Van eligible employees or employees that become Handi-Van eligible may submit a completed Enrollment Form to your Department Coordinator any time during the year. Handi-Van fare coupons will be purchased and issued to you provided a valid payroll deduction can be made from your paycheck.

You can obtain more information about TheHandi-Van service by visiting TheBus website: <http://www.thebus.org/>

### For vRide participants:

vRide participants may submit a completed Enrollment Form to your Department Coordinator any time during the year. Vouchers,

redeemable with vRide for your vanpool fees, will be purchased and issued to you provided a valid payroll deduction can be made from your paycheck.

You can obtain more information about joining a vanpool with vRide by calling 596-VANS(8267) or visiting the vRide website at: <http://www.vride.com>

Payroll deductions and issuance of monthly bus passes, Handi-Van fare coupons and vouchers for vRide will automatically continue until you cancel your enrollment in the Program.

## MAY I CANCEL MY ENROLLMENT?

Yes, to cancel, you must submit a "State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Cancellation Form" or "Cancellation Form" to your Department Coordinator, who must receive it **no less than 35 days prior to the month for which cancellation is to be effective.**

You may obtain a Cancellation Form from your Department Coordinator, or you may download it from the DHRD website.

## ONCE I CANCEL, WILL I BE ABLE TO RE-ENROLL AT A LATER TIME?

Yes, you may re-enroll at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

## WILL MY RETIREMENT, SOCIAL SECURITY, DEFERRED COMPENSATION OR TAX-SHELTERED ANNUITY PLAN BENEFITS BE AFFECTED?

The Program will not affect your **State Employees' Retirement System (ERS) Plan** benefits.

Participation in the Program may affect your **Deferred Compensation Plan, or Tax-Sheltered Annuity (TSA) Plan** contributions, if your contributions are based on a percentage of your salary, rather than a fixed dollar amount.

Your **Social Security benefits** may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

**For more information**, contact your Department Coordinator or visit the DHRD website:

<http://dhrd.hawaii.gov/state-employees/employee-benefits/>

*Note: This Informational Flyer is only a brief summary of the Program. The provisions in the "Policy Guidelines and Procedures for the Pre-Tax Transportation Benefit Pilot Program" constitute the official explanation of the Program and its benefits, and control over the contents of this Informational Flyer.*