

State of Hawai'i

Pre-Tax Transportation Benefit Pilot Program

Participant Guide



Revised 04/09/21

Note: This Participant Guide is only a brief summary of the Program. It is not a contract or binding agreement. It does not supersede laws, rules, and policies and procedures pertaining to the Pre-Tax Transportation Benefit Pilot Program, and is subject to change. The provisions in the "Policy Guidelines and Procedures for the Pre-Tax Transportation Benefit Pilot Program" constitute the official terms of the Program and its benefits, and control over the contents of this Participant Guide.

What is the Pre-Tax Transportation Benefit Pilot Program ("PTBP" or "Program")?

This benefit pilot program is being offered to eligible employees of the State Executive Branch who live and work on Oahu. Eligible employees may pay for transit services (e.g. bus passes, Handi-Van passes, and vanpool seat fees) on a pre-tax basis. Deductions will be made through payroll before federal, State and FICA taxes are withheld, thereby increasing their take-home pay. Transit services purchased through this Program are non-transferable and non-refundable.

This Program is part of the State of Hawaii's Qualified Transportation Fringe Benefit Plan and is authorized under the Federal Transportation Equity Act for the 21st Century, and section 132(f) of the Internal Revenue Code.

Who are eligible to participate in the Program?

Employees of the State Executive Branch (excluding the University of Hawai'i and Department of Education):

- 1) Who are eligible to participate in the State of Hawai'i Employees' Retirement System;
- 2) Who live and work on Oahu; and
- 3) Who do not have parking in a State-controlled lot with a parking payroll deduction¹.

¹ An employee participating in a vanpool program may retain or take a parking assignment in a State-controlled lot on a post-tax basis.

How does the Program work?

If you travel to work on TheBus, by TheHandi-Van service or via a vanpool, you may authorize the State to have your transit service fee deducted from your paycheck on a pre-tax basis.

A single monthly payroll deduction will be made on the 20th of the month for all participating employees. Deduction for a bus pass or any other options under this Program shall be for payment of a monthly pass for the following calendar month. For example, if a payroll deduction is made on the applicable pay day in July, the bus pass that will be issued shall be for the month of August.

Please note that currently, only regular monthly bus passes are offered through this Program. Other Program options will be dependent on offerings available in the HOLO Card System and with the vanpool service provider.

What is the HOLO Card?

"HOLO Card" is a contactless, reusable, reloadable electronic fare card ("smart" card) that is linked to a fare account containing stored value. The account can also store a pass at the same time and this is the medium the Department Coordinator will use to load your monthly bus pass. The HOLO card allows riders to pay for transit services by simply tapping the HOLO card validator to quickly board a bus, ride a Handi-Van or enter a rail station to catch a train.

During the initial roll out period of the HOLO card, the card is free of charge and your Department Coordinator will distribute you a card upon enrollment in the Program. However, after the initial rollout period, there will be a one-time charge for new and replacement cards as defined in Section 13-2.1 of the Revised Ordinances of Honolulu. When the City begins to impose a fee for the HOLO Cards, you will have to obtain your own card at participating retailers, and TheBus Pass Office, as well as at Ticket Vending Machines at rail stations once they are in operation. You will then have to provide your Department Coordinator the HOLO Card number for bus pass loading purpose.

Each employee shall be responsible for his or her own HOLO Card and checking to ensure the bus pass for the following calendar month has been loaded by the end of the current month. TheBus company, HOLO Card management company, the Department or any other agency or employee of the State shall not replace any lost HOLO Card.

Other than the regular monthly bus pass, are other types of bus passes offered as part of the Program?

Currently, only regular monthly bus passes are offered through the Program. However, the Program is design to offer other types as soon as such offerings are made available in the HOLO Card system. Such examples could include Senior and Disability Annual Bus Passes. Updates to the Program will be made when other options are added.

Are there any limits to the amount I can pre-tax in this Program?

Yes, the maximum allowable per month is set by the Internal Revenue Service (IRS).

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 Plan benefits.

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

Your enrollment in the Program may affect your Deferred Compensation Plan contributions if your contributions are based on a percentage, as opposed to a fixed dollar amount.

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

	PTBP Bus Pass	No PTBP Bus Pass
Salary	\$24,000.00	\$24,000.00
Pre-Tax	840.00*	-0-
Taxable Income	23,160.00	24,000.00
Estimated Tax Withholding	5,182.00	5,384.00
After-Tax Deduction	-0-	840.00*
Spendable Income	\$17,978.00	\$17,776.00
Estimated Tax Savings Per Year	\$ 202.00	

(Note: The chart is being provided for illustrative purposes only and should not be construed as tax advice.)

*Monthly Bus Pass rate of \$70

When and how do I enroll?

If you are an eligible employee interested in enrolling in the Program, you must complete and submit the “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” to your Department Coordinator. Enrollment may occur at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

You may obtain the “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” from your Department Coordinator or you may download it from the DHRD website:

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

What do I have to do if I no longer wish to participate in the Program?

You may obtain a “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Cancellation Form” from your Department Coordinator, or you may download it from the DHRD website:

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

The completed form must be received by your Department Coordinator no less than thirty-five (35) calendar days prior to the month for which the cancellation is to be effective. For example, to cancel your bus pass for November, the cancellation form must be received by your Department Coordinator by September 27.

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.

What must I do if I transfer to another department within the State Executive Branch and wish to continue to participate in the Program?

You must cancel your existing payroll deduction with your current department and re-enroll in the Program with your new department. Please keep in mind that payroll deductions are made one month in advance. Therefore, your Cancellation Form must be received by your current Department Coordinator at least thirty-five (35) calendar days before the effective date of the cancellation.

What if I have more questions?

If you have other questions about the Program or need help completing your enrollment form, please call your Department Coordinator. More information may also be found on the DHRD website:

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