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 21st Century, Section 132(f) of the Internal Revenue Code (IRC). This Act allows employees who contribute 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
- Vanpool seat fees

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

WHO’S ELIGIBLE TO PARTICIPATE?

Employees of the State Executive Branch (excluding the University of Hawai’i and Department of Education) 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 a vanpool program, 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 vanpool seat 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 20th of each month.

You will be mailed a Pre-Tax Transportation Benefit Enrollment Form” to 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.

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.

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.

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.