

State of Hawai`i

# **Pre-Tax Transportation Benefit Pilot Program**

## **Participant Guide**



*Program Year 2009 - 2010*

*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 program is being offered to eligible employees of the State Executive Branch who live and work on Oahu. Eligible employees may purchase bus passes for TheBus, TheHandi-Van fare coupons and vouchers for the cost of their Vanpool Hawaii seat fees through payroll deduction before federal, State and FICA taxes are withheld, thereby increasing their take-home pay. Bus passes, Handi-Van fare coupons and vouchers purchased through this Program are non-transferable and non-refundable.

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

### **How does the Program work?**

If you travel to work on TheBus, by TheHandi-Van service or via a vanpool through Vanpool Hawaii you may authorize the State to have your bus pass expense, the cost of a pre-set amount of Handi-Van fare coupons or Vanpool Hawaii seat fees deducted from your paycheck on a pre-tax basis.

A single monthly payroll deduction will be made on the 20<sup>th</sup> of the month for all employees. Exception: UH faculty shall have their deductions made on the 15<sup>th</sup> of the month. Your employer will purchase a bus pass for TheBus, Handi-Van fare coupons or voucher redeemable with Vanpool Hawaii to cover your seat fees for you, and distribute it to you on a monthly basis.

### **Who are eligible to participate in the Program?**

Employees of the State Executive Branch (excluding the 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 deduction<sup>1</sup>.

Employees enrolling in the Program for TheHandi-Van service must also:

- 4) possess a current Handi-Van Photo Identification Card issued by TheBus, Oahu's transit system contracted by the City and County of Honolulu for transportation services on Oahu.

Employees enrolling in the Program for Vanpool Hawaii must also:

- 5) be participating in a vanpool through Vanpool Hawaii, a State of Hawai'i – Department of Transportation ridesharing commuter program administered by VPSI, Inc.

### **Are there any limits to the amount I can pre-tax in this program?**

Yes. The Internal Revenue Service (IRS) mandates a schedule of benefits. As of 2009, the maximum allowable per month for combined commuter highway vehicle transportation and transit pass expenses is \$120. However, it was increased to \$230.00 on February 17, 2009 by President Obama when he signed The Emergency Economic Recovery Act.

### **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 or Tax-Sheltered Annuity Plan contributions if your contributions are based on a percentage, as opposed to a fixed dollar amount.

### **How much will I save?**

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<sup>1</sup> An employee participating in a vanpool with Vanpool Hawaii under this Program may retain or take a parking assignment in a State-controlled lot.

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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	PTBP Handi-Van	No PTBP Handi-Van	PTBP Vanpool Hawaii	No PTBP Vanpool Hawaii
Salary	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00
Pre-Tax	600.00**	-0-	\$960.00+	-0-	780.00#	-0-
Taxable Income	23,400.00	24,000.00	\$23,040.00	\$24,000.00	23,220.00	24,000.00
Federal Tax	765.60	825.60	729.60	825.60	747.60	825.60
State Tax	1,017.60	1,056.00	994.56	1,056.00	1,006.08	1,056.00
FICA Tax	1,790.10	1,836.00	1,762.56	1,836.00	1,776.30	1,836.00
After-Tax Deduction	-0-	600.00**	-0-	960.00	-0-	780.00
Spendable Income	19,826.70	19,682.40	19,553.20	19,322.40	19,689.99	19,502.40
<b>Tax Savings Per Year</b>	<b>\$144.30</b>		<b>\$230.88</b>		<b>\$187.59</b>	

\*Claiming married and 0 exemptions

\*\*Monthly Bus Pass rate of \$50

+ Monthly Handi-Van deduction of \$80

# Monthly Vanpool Hawaii deduction of \$65

**When and how do I enroll?**

If you are an eligible new employee interested in enrolling in the PTBP Program, you must complete and submit the “State of Hawai`i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” to your Department Coordinator. If you are a new eligible employee wanting to enroll in the Program for bus passes for TheBus, you must submit your Enrollment Form within sixty (60) calendar days from your date of hire.

If you are an eligible continuing employee wanting to enroll in the Program for bus

passes, you will have an opportunity to enroll in the PTBP Program during the open enrollment period conducted annually. Your Department Coordinator will announce the dates of the open enrollment period and provide you instructions for enrollment.

As an eligible employee, you may be able to enroll in the PTBP Program for bus passes outside of the annual open enrollment period if you have a qualifying event. A qualifying event would be loss of parking you may currently have, a movement in position that results in a change of transportation needs or you have an annual bus pass that will be expiring. If you have another situation not mentioned as a qualifying event above that you would like considered in allowing you to enroll outside of the open enrollment period, please contact your Department Coordinator who will consult with DHRD.

Handi-Van eligible employees or employees that become Handi-Van eligible employees, as well as Vanpool Hawaii participants, may submit a completed “State of Hawai`i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” to your Department Coordinator at any time during the year.

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 HRD website:

<http://www.hawaii.gov/hrd/main/EEBenefits/TaxSavingsBenefits/>.

### **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 HRD website:

<http://www.hawaii.gov/hrd/main/EEBenefits/TaxSavingsBenefits/>.

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<sup>2</sup>. For example, to cancel your bus pass for November, the cancellation form must be received by your Department Coordinator by September 27.

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<sup>2</sup> Vanpool Hawaii participants must provide VPSI, Inc. the administrator of Vanpool Hawaii, no less than 30 days notice of cancellation.

**Once I cancel, will I be able to re-enroll at any time?**

You will not be able to re-enroll during this program year, unless you have a qualifying event which would allow you to enroll.

**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 and your Enrollment Form must be received by your new Department Coordinator no later than thirty-five (35) calendar days after your effective date of hire with your new department.

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

From June 2008, enrollment for Senior and Disability Annual Bus Passes will be included in the PTBP Program. If you are interested in participating in the PTBP Program for a Senior or Disability Annual Bus Pass, please contact DHRD at ph: 587-1169.

**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 is available on the HRD website: <http://www.hawaii.gov/hrd/main/EEBenefits/TaxSavingsBenefits/>.