

## Transportation Benefit (Section 132)

*Manley's Transportation Benefit allows your employees to increase their spendable income, while your company saves significantly on FICA taxes.*

The Section 132 Transportation Benefit from Manley Services allows your employees to set aside pre-tax dollars to pay for work-related parking, transit passes, and van pooling. The elected amount is deducted from their gross income prior to any federal, state, and FICA calculations. As a result, they save on taxes by reducing their taxable salary. Because your total payroll is smaller, you save significantly on payroll taxes.

### How the Plan Works

- Employees may contribute up to \$230 per month each for work-related parking expenses and/or a qualified transit pass.
- Elected amounts are sent to Manley Services on a per-payroll basis.
- As employees pay for qualified expenses, they simply submit a reimbursement request with proof of payment to Manley Services.
- We issue a reimbursement check directly to the employee as soon as funds are available in their account.
- Employees who have funds remaining in their account at the end of one plan year will have those funds rolled into their account for the next plan year.

### Getting Started

Plan set-up is quick and simple. Just contact Manley Services to get started. We'll provide enrollment forms and a summary of the plan for easy communication. You give the forms to your



employees, they make their elections and return them to human resources, and then payroll sets up two new deduction codes (one for parking and one for transit expenses). You may file claims after the first payroll reduction has occurred.

### Ongoing Administration

As the employer, you are responsible for reporting new elections, changes in elections, and termination dates. You will also be in charge of submitting employees' pre-tax dollars to Manley Services.

### Employer Reporting

Employers can run reports through our Employer Portal on our MyFlex website to obtain details such as participants' year-to-date account information, including contributions, claims processed, and claims paid, along with their available balances.

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## Potential Tax Savings

Participating employees can save approximately \$0.30 on every dollar allotted for the plan (federal, state, and FICA). Those in a higher federal tax bracket will save even more.

## Questions and Answers

### Who is eligible for the Transportation Benefit?

Only employees are eligible to participate in the Section 132 Transportation Benefit. Therefore, two percent or more owners in an S Corporation, sole proprietors, partners in a partnership, LLCs, and LLPs are not eligible to participate in the plan. Your Manley Services representative will work with you to resolve any eligibility questions.

### Is this different than our flexible spending account plan?

Yes, this is a separate tax code. One significant difference is that funds left in the transportation plan at the end of the year may be rolled into the next year. Upon termination, however, funds remaining in the account will be forfeited back to the employer.

### Can employees drop the plan, and then re-enroll later?

Employees may discontinue the plan at any time; however, they may not re-enroll until the next plan year unless they meet one of the following qualifying events: change in worksite; change in hours; change in residence; or other changes in a commute allowed by IRS Code.

### Can employees carry over unused funds from one month to the next?

Yes, but only if the amount requested does not exceed the federal limits per month.

### How soon must employees submit claims?

They may submit requests for reimbursement at any time during the year, and have until 90 days after the plan year to make requests. Otherwise funds will be rolled into the next plan year.

### What if employees want to change their deduction amount?

While we allow employees to make changes at any time, you have the option of limiting the number of changes to simplify your

administration. To make a change, the employee should complete a change form and submit it to your payroll department.

## About Us

Manley Services, a licensed third party administrator, began operations in 1987 and became part of the PacificSource group of companies in March 2003. We work with insurers, employers, and associations to provide consulting assistance in the design, implementation, and all administrative functions of their benefit plans. With more than 24 years experience in the Northwest, we pride ourselves on providing full program administration for the employer, informing employees as to how they will benefit, and providing education and prompt service to participants.

More than 1,350 organizations count on Manley Services to provide their plan services. The reasons are simple: expertise, personal service, and value. Manley provides you with more services at a lower cost than any other third party administrator. With easy enrollment, prompt and accurate reporting, and quick reimbursement, we've designed our program to be client-focused and participant-friendly.

### Questions?

If you have any questions or would like more information, feel free to contact us.

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