

Section 132 Transportation Benefit

Take your company's benefits to a new level

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 FICA taxes.

How the Plan Works

- Employees may contribute up to \$220 per month for work-related parking expenses, or up to \$115 per month for 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.
- Funds remaining in the plan at the end of the year may be rolled into the next 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

We send you a quarterly report of participants' year-to-date account information, including contributions, claims processed, and claims paid, along with their available balances.

The Benny™ Card

For a small additional charge, you can provide your enrollees with the Benny™ Card, a special MasterCard® that draws on the value of the election amount. When employees incur a qualified transportation expense at a business that accepts MasterCard®, they simply use the Benny™ Card. The amount of the expense is deducted automatically from their balance, so there's no need for employees to pay out-of-pocket and request reimbursement. While the Benny™ Card works like a debit card, it is actually a stored value card, meaning it is prefunded by the employer, and can only be used for qualified expenses.

Potential Tax Savings

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

Employees:

- Pay for work-related transportation and parking with pre-tax dollars
- Save on federal, state, and FICA taxes
- Increase take-home pay

You:

- Save on FICA taxes
- Increase employee morale
- Attract new employees and reduce turnover

(Continued on reverse)

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.

If our employees already have a Benny™ Card with a Manley HRA or FSA account, will they need another card?

No. One Benny™ Card will be programmed with all the benefits for each account, and it uses “merchant category codes” to determine which account the money is drawn from. For example, if they swipe the card at a city parking lot, it recognizes that code as eligible for the transportation account; likewise, a swipe at a medical facility indicates that the money should come from an HRA or FSA account.

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?

Only if the amount requested does not exceed the federal limits per month. In other words, they will not be reimbursed more than \$220 for parking in any one 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 15 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 1,300 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 further information, please contact us. We're happy to assist you.



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