



EMPLOYEES
SAVE up to
\$2,448
 on Transit and Parking

Tax savings on transit and parking

Internal Revenue Code Section 132 and the Transportation Equity Act for the 21st Century (TEA-21) allow employers and employees to set up specialized tax-free FSA accounts to pay for transit and parking expenses.

The Flex 132 plan document package provides employers with everything they need to establish a compliant Section 132 plan. The package comes in PDF format via email and the cost reflects a one-time setup fee, not an annual charge.

The table below shows how cost of a Flex 132 plan document package cost is quickly repaid with employer tax savings.

See the Savings

For 2021, the maximum monthly pre-tax contribution allowance for mass transit and van-pool is \$270.00 per month with an additional monthly allowance of \$270.00 for parking.

The potential tax savings for employees is up to 40% of dollars set aside for transit & parking expenses.

	Transit	Parking	Total	Tax Savings
Monthly	\$ 270	\$ 270	\$ 540	\$ 208
Annually	\$3,240	\$3,240	\$6,480	\$2,568

Assumes combined income tax and FICA tax rate of 40%.

General Flex 132 Reimbursement Rules

- Transit expenses must be work related.
- Parking expenses must be work related at a location near place of employment or at a park-and-ride location during commute to work.
- Employees must maintain record of expenses, including all receipts.
- Reimbursements cannot exceed IRS annual limits for each type of plan.
- When a transit voucher program is readily available, Section 132 regulations prohibit the use of cash reimbursement for transit benefits.

Who is eligible for benefits under a Section 132 plan?

Generally, the Transit and Parking FSA fringe benefit can only be provided by employers to employees.

- Common law employees and officers of corporations are eligible.
- Sole proprietors, partners, independent contractors, and two-percent shareholders of S corporations are not eligible for this transportation fringe benefit.
- The law does not include non-discrimination requirements for the benefit.



Eligible Flex 132 Expenses

Parking

Parking expenses that can be paid with pre-tax dollars include the cost of:

- Parking a vehicle in a facility that is near the employee's place of work, or
- Parking at a location from where the employee commutes to work (for example, the cost of parking in a lot at a train station so that the employee can continue the commute via train).

Mass transit

Qualified amounts include costs of any pass, token, fare card, voucher, or other item that entitles the employee to use mass transit to travel to or from his/her place of work.

The mass transit can be a public system or a private enterprise provided by a company/individual who is in the business of transporting people in a "commuter highway vehicle" as defined in IRC Section 132:

- Has a seating capacity for six or more adults (not counting the driver);
 - At least 80% of the of the vehicles' mileage is from transporting employees to and from their place of work; and,
 - Carries at least three passengers (not counting the driver).
- Commuter highway vehicles may be owned or leased by an employer to be used by employees or a third-party provider for transportation purposes. Employees can also own and operate commuter highway vehicles.

Set up a Flex 132 plan in 3 easy steps

1. Design your plan:

- Choose your plan year according to the calendar (Jan-Dec) or your tax year (Jul-Jun, for example) -- a short plan year is available for the first year; and,
- Set eligibility and waiting period, and add optional flex modules. The enclosed worksheet takes you through it step-by-step.

2. Order your plan:

- Order your Flex 132 plan.
- Your personalized plan document package arrives at your inbox within a business day or two.

3. Start your plan:

- Print, review, and sign the plan document where indicated;
- Give a copy of the participant packet to each eligible employee; and then,
- Keep the Flex 132 plan document on file with other personnel paperwork -- there is no requirement to file the plan document with any agency.