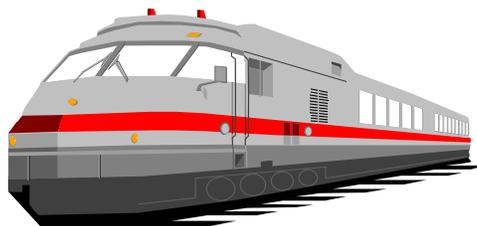


# **PERALTA COMMUNITY COLLEGE DISTRICT**

## **PRE-TAX COMMUTER EXPENSE PROGRAM**

### *SUMMARY PROGRAM DESCRIPTION*



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# PERALTA COMMUNITY COLLEGE DISTRICT

## PRE-TAX COMMUTER EXPENSE PROGRAM

### INTRODUCTION:

Peralta Community College District is pleased to sponsor an employee benefit Program known as the "Peralta Community College District Pre-Tax Commuter Expense Program" (the "Program") for you. Peralta Community College District is providing you with the opportunity to use pre-tax dollars to pay for eligible Commuter Expenses by entering into a salary reduction arrangement.

This Program Summary describes the basic features of the program, how it operates, and how you can get the maximum advantage from it. In the event there is a conflict between this summary and the Program itself, the terms of the Program will control. Upon request, you may obtain a copy of the actual Pre-Tax Commuter Expense Program document from the Program Administrator (Peralta Community College District).

### Identification Of Program:

<b>Company Name:</b>	Peralta Community College District
<b>Program Name:</b>	Peralta Community College District Pre-Tax Commuter Expense Program
<b>EIN:</b>	94-1676375
<b>Address:</b>	333 East 8th Street
<b>City:</b>	Oakland, CA 94606
<b>Program Number:</b>	503
<b>Effective Date:</b>	January 1, 2004

### What Is A Pre-Tax Commuter Expense Program?

A Pre-Tax Commuter Expense Program, also known as Section 132 Program, allows you to use pre-tax dollars to pay for your Qualified, Work Related, Transportation and Parking Expenses.

### Who Can Participate?

As an employee of Peralta Community College District, you are eligible to participate in this Pre-Tax Commuter Expense Program as of the first of the month following your date of hire. This Plan is only for reimbursement of your own Commuting Expenses, not those of your spouse or other family members.

**What Tax Advantages Are Available Through The Program?**

The Program permits you to pay for eligible Commuter Expenses (defined in Q& A – 8) with pre-tax dollars through salary reduction rather than regular pay. The use of pre-tax dollars reduces your taxable income and you save Social Security and income taxes on the amount of your salary reduction.

The Table Below Illustrates This Savings.

	With Commuter Program	Without Commuter Program
Gross Monthly Pay	\$2,500.00	\$2,500.00
Pre-Tax Parking	\$100.00	\$0.00
Taxable Income	\$2,400.00	\$2,500.00
Estimated Federal Tax (28%)	-\$672.00	-\$700.00
State Tax (4%)	-\$96.00	-\$100.00
FICA (8%)	-\$192.00	-\$200.00
After-Tax Parking	\$0.00	-\$100.00
Take Home Pay	\$1,440.00	\$1,400.00

\*of course your actual tax savings will vary depending on your circumstances.

This is a savings of **\$40 a month.**

Which equals a total **savings of \$480.00 annually.**

**How Do I Enroll?**

Assuming you are eligible, you become a Participant by completing a Salary Reduction Agreement (enrollment form) and submitting it to your Human Resources Representative. Your participation will begin on the first of the month following your submission. Your deductions will be taken on the first payroll of each month thereafter.

**May I Enroll In Both The Parking And The Transportation Accounts?**

Yes. As long as you have expenses that qualify under both programs and as long as you do not exceed the Monthly Maximums (each account is tracked separately).

**How Is My Account Funded?**

When you complete the Salary Reduction Agreement (enrollment form) you specify the amount you wish to have deducted from your salary, each month, for either Transportation and/or Parking Expenses. That amount will be deducted from the first payroll each month and credited to the appropriate account(s). You may then submit receipts for your eligible Transportation and/or Parking Expenses against the available balance for reimbursement.

**What Is An “Eligible Commuter Expense?”**

“**Transportation Expenses**” are defined as expenses incurred for a pass, token, fare card, voucher, or similar item for transportation (a) on mass transit facilities including BART, Muni, Ferry, Cable Car, etc. or (b) in a Commuter Highway Vehicle (Vanpool) if such transportation is in connection with travel between your residence and place of employment. A Commuter Highway Vehicle is any highway vehicle with a seating capacity of at least six adults (not including the driver), and for which at least 80% of the mileage is for the purposes of transporting employees in connection with travel between their residences and their places of employment.

“**Parking Expenses**” are defined as expenses incurred to park your car on or near the business premises of your employer, or expenses incurred to park your car at a location from which you commute to work by (a) mass transit, (b) Commuter Highway Vehicle, or (c) carpool.

**What Is The Maximum Qualified Commuter Expense Benefit I May Elect?**

The maximum amount you may contribute to each account cannot exceed the maximum amount specified in Code Section 132(f). The maximum amounts are:

For Parking Expenses	\$205/month
For Transportation Expenses (Public transportation/vanpool)	\$105/month

**How Do I Receive Reimbursement Under The Program?**

When you incur an expense that is eligible for payment, you will need to complete a Request For Reimbursement (claim form) and submit it, with any applicable receipts, to the Plan Service Provider for processing. Claims will be processed upon our receipt and, providing you have funds available in your account, a check will be sent to you (at the address listed on your enrollment form) within a day or two.

Claim forms are available through your Human Resources Department or your Plan Service Provider. We request that you submit your claim within 90 days of incurring the expense. Our Plan Service Provider, upon your request, will assist you in making these claims.

**Can I Change My Election?**

Once executed, the agreement to reduce your salary will remain in effect until you submit a request, in writing, to change, or stop, the deduction amount. The requested change will be implemented on the first payroll of the month following your *submission* of the written request.

**Failure To Elect**

If you do not sign a new form for the Program, the prior Salary Reduction Agreement will apply, with the same reduction of compensation. If there is no signed Salary Reduction on file at all, it is understood that you have chosen not to Participate in the Program.

**What If I Overestimate My Expenses?**

If your reimbursement request was for less than your current account balance, the unused amounts will roll over and be available for future reimbursements. You may need to adjust your monthly deduction amount for next coverage period in order to use up your surplus account balance. For example, if your monthly parking election (and anticipated monthly expense) is \$100, but you only incur \$75 worth of eligible parking expenses in January, you might want to change your election for February (prior to February 1<sup>st</sup>) to \$75 in order to use up the \$25 surplus from January. Then you may want to increase your election back to \$100 for March (prior to March 1<sup>st</sup>). At No Time May You Exceed The Monthly Maximums Set Forth In Code Section 132(F).

**What If I Underestimate My Expense?**

If your reimbursement request was for an amount that was less than the monthly maximum amount but more than your current account balance, the excess part of the reimbursement will be carried over into the following month(s) to be paid out as your balance becomes adequate (subject to monthly maximums described above). Remember, though, you may not be reimbursed for an expense that was incurred prior to your participation in the plan.

**What If I Have An Account Balance And I Terminate My Employment?**

If you have any funds in your Account at the time you terminate employment, any amounts not applied for eligible Commuter Expenses incurred prior to the termination will be forfeited.

**How Long Will The Program Remain In Effect?**

Although we expect to maintain the Program indefinitely, we reserve the right to modify or terminate the Program at any time. It is also possible that future changes in state or federal tax laws may require that the Program be amended or modified.

**What Happens If A Request For Reimbursement Is Denied?'**

You will be notified in writing within 90 days of the date you submitted your request. Such notification will set out the reasons your request was denied.

**What Effect Will Program Participation Have On Social Security And Other Benefits?**

Program participation will reduce the amount of your taxable compensation. Accordingly, there could be a decrease in your Social Security benefits or other benefits (e.g. pension, disability and life insurance), which are based on taxable compensation.

If you have any further questions regarding the terms of this program, contact your Human Resources Representative.

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