



### 3. Why should I use it? What are the benefits?

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#### Employee Savings

- Up to 38% commute cost savings.
- Tax savings from federal, state and FICA

Tax	Tax Percentage
Federal Income Tax (payroll tax)	0.15
FICA/Social Security-Medicare	0.0765
NM State Income Tax	0.05
Total Tax	<b>0.2765</b>

If you have a combined (local, state, federal) tax rate of 27.65% and spend \$121 per month on the Rail Runner Express, you will save \$33.46 each month or just over \$401 a year.

<sup>1</sup> Up to the current federal limit of \$125 per month based on NM resident in 15% federal tax bracket, state tax rate of 5% and FICA rate of 7.65%.

\*\* Based on a contribution of \$125 per month by an employee earning income of less than \$34,000. Does not include fee charged by benefit provider.

### 4. Who is Eligible?

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- An employer can offer the benefit to any employee or group of employees within the work force.
- It can also be used only for a limited group of employees or available to all employees, at the employer's discretion. It must, however, be provided for commuting expenses--not for personal travel.
- Spouses and dependent children are not eligible.
- **NOTE:** If you already have your parking or vanpool expenses deducted pre-tax from your paycheck, you do not need to sign up for this benefit. You are already enjoying a tax-free benefit.

### 5. How much pre-tax salary can be used?

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Effective January 1, 2013, employees may set aside up to:

- **\$240 a month (\$2,880 a year) of their salaries before taxes to pay for transit and vanpool fares**
- **\$240 a month (\$2,880 a year) to pay for qualified parking expenses.**

### 6. How do I save on my taxes?

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#### Employees can save on three types of taxes:

- Federal Income Tax (payroll tax) 10% - 35% depending on tax bracket
- NM State Income Tax Up to 5%
- FICA/Social Security-Medicare Tax 7.65%

#### Employers can save on two types of taxes:

- FICA payroll taxes (FICA)
- Employee salary write-off on corporate income taxes

## 7. How much can I save on my monthly train pass with the Commuter Tax Benefit?



Federal law allows employees to set aside up to \$125 per month for transit.

**Rail Runner Express Monthly Pass with the Commuter Tax Benefit:**  
\$87.54 a month

**Rail Runner Express Monthly Pass without the Commuter Tax Benefit:**  
\$121 a month

(Up to the current federal limit of \$125 per month based on NM resident in 15% federal tax bracket, state tax rate of 5% and FICA rate of 7.65%.)

- Employees can save **\$33.46** per month by setting aside \$121 to purchase a monthly Rail Runner pass.
- Employees can save **\$334.57** per year by setting aside \$1,210 to purchase an annual Rail Runner pass.
- An employee in the 15% tax bracket could save up to **\$414.75** per year by setting aside the maximum of \$1,500 on transit, vanpool or parking costs.

## 8. What commuting expenses are eligible?

Any type of transit service, publicly or privately owned or operated, including bus, rail, subway, ferry, subscription bus, shuttle bus, and commuter highway vehicles under contract that provide to the public and/or employees, general or special service on a regular and continuing basis.

Only actual amounts spent by you for the purpose of commuting to and from work are eligible. There are limits on the amount you can claim.

The following commuting expenses are eligible under federal law:

- Mass transit fares, including tickets, passes, tokens, vouchers or other fares for riding buses, trains, paratransit vans or other mass transportation vehicles
- Official vanpool fees
- Parking fees at or near your work place, or
- Parking fees at a location from which you commute to your work place via mass transportation or a carpool (ex: park-and-ride lot)

## 9. What expenses are not eligible?

Only expenses for your workplace parking and mass transit are eligible on a pre-tax basis. The following is a partial list of Commuter expenses that are not eligible for pre-tax deduction:

- Tolls
- Traffic tickets
- Fuel

- Mileage or other costs you incur in operating a vehicle
- Taxis
- Payments to a fellow participant in a carpool or to a friend who drives you to work
- Parking at your personal residence
- Expenses incurred for parking at your spouse's place of work
- Parking at a mall or similar location where you stop on your drive to or from your place of work
- Costs that have been or will be paid by your employer, such as for a business trip
- Parking at an airport for taking an airplane to work
- Walking
- telecommuting

## **10. Can an employee buy transit passes and still get a tax break without going through the employer?**

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No. The tax benefit is available only through an employer-sponsored Commuter Tax Benefit program.

Qualified transportation fringes are employer-provided benefits which allow employers to treat benefits provided to employees in a tax preferred way. If an employee purchases a transit pass with their own money, there is no way that the employee can obtain the tax savings.

## **11. What if my monthly fare is more than \$240?**

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The \$240 for transit/vanpools and \$240 for qualified parking are caps - you may claim only up to these limits on a monthly basis. Your expenses above the caps will be paid with **taxable** income.

## **12. I pay for parking at my park-and-ride lot, but pay for a bus pass separately. How do I use pre-tax dollars for both parking and transit?**

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You can use pre-tax dollars for parking and for transit by electing each commuter benefit separately. The bus fare would count toward the monthly transit limit; the parking fee would count toward the parking limit.

## **13. Can I change how much money I put in my commuter benefit?**

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Yes, if you can change your contribution amount monthly if you need to, depending on if you'll be traveling or if you'll use other ways to get to work. You will make changes through your employer or benefits administrator's website.

## **14. Can I use the Commuter Tax Benefit to pay for gas or tolls?**

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No. Taxis and airport parking are also ineligible.

## **15. Is this a tax write-off?**

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No. The deductions are made throughout the year on a pre-tax basis. It lowers taxable wages. The savings are derived from not paying income tax on that salary.

## **16. Will I need to fill out any special tax forms to get my savings?**

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No.

## 17. How do transit and vanpool commuters take advantage of the pre-tax benefit?

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Employees should ask their employer if the pre-tax transit or vanpool benefit is available. Checking with the human resources, payroll or benefit areas within your company is a good place to start.

The benefit may be referred to as the "Commuter Tax Benefit." If the employer does not already have it as part of their benefits programs, ask if it can be added. Employees can only participate through their employer; it's the only way to access pre-tax salary.

Participating Employers in New Mexico:

Employer	Commuter Tax Benefit Provider	Website	Email Address	Phone Number	Customer Support Hours
State of New Mexico	ASIFlex	<a href="http://www.asiflex.com">www.asiflex.com</a>	asi@asiflex.com	1-800-659-3035	M-F, 7am to 7pm CT and Sat 9am-1pm
The City of Albuquerque	BASIC	<a href="http://www.basiconline.com">www.basiconline.com</a>	hra@basiconline.com	1-800-444-1922	-
Bernalillo County	BASIC	<a href="http://www.basiconline.com">www.basiconline.com</a>	hra@basiconline.com	1-800-444-1922	-
The Gap, Inc.	WageWorks	<a href="http://www.wageworks.com">www.wageworks.com</a>	-	1-877-924-3967	M-F, 8am-8pm ET
Federal Govt	FSAFEDS	<a href="http://www.fsafeds.com">www.fsafeds.com</a>	fsafeds@shps.com	1-877-372-3337	M-F, 9am-9pm ET
Santa Fe County	ASIFlex	<a href="http://www.asiflex.com">www.asiflex.com</a>	asi@asiflex.com	1-800-659-3035	M-F, 7am to 7pm CT and Sat 9am-1pm

## 18. How do I get my employer to sign up for Commuter Benefit?

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Let your human resources department know that you take public transportation to work and are interested in the Commuter Tax Benefit. A Commuter Tax Benefit brochure is available at [nmrailrunner.com](http://nmrailrunner.com) for you to print and present to your employer. You can speak to your employer directly or have your employer contact the Rio Metro Regional Transit District at 1-866-795-7245 for details.

## Employers

### 1. What are the benefits?

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**As a pre-tax payroll deduction, employers save on FICA taxes – up to approximately \$114 per participant per year.**

**As a subsidized benefit, it can be written off as a business expense.**

**The cost of administering the program is often less than the savings an employer gets from offering it.**



- Save more than 7% on payroll taxes for every dollar employees set aside for transit.
- Added value to employer benefits package.
- Increased employee productivity, morale and wellness.
- Enhanced corporate image.
- Contribute to the quality of life in the region by promoting the use of alternative transportation.
- Commuter tax benefit can be implemented and adjusted quickly.
- Support environmental sustainability, reduce dependence on foreign oil, reduce traffic congestion, and improve the country's carbon blueprint

### 2. Who Is Eligible?

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All employers in the private, public, and non-profit sector are eligible for the benefit, and it works for any size employer from the largest to the smallest.

### 3. Why implement a Commuter Choice tax benefits program?

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- Offset rising transit costs and fare increases for employees
- Cost savings for employees and employers
- Parking savings
- Improved recruitment and retention
- Less stressed employees
- Less congestion
- Improved air quality

### 4. How are these benefits offered?

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Employers offering commuter tax benefits have the ability to offer the benefit in one of three ways:

1. Employer pays all or a portion of the transit costs
2. Employer allows employees to pay for transit costs with pre-tax salary
3. Use a combination of these two methods

## 5. How do employers participate and how will my employees enroll in the program?

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- **Self-Administration:** Employers should distribute and collect enrollment forms to capture each employee's order. Forms should also include information about deadlines for enrollment, changes and cancellations as well as how benefits will be distributed and where forms should be turned in.
- **Third-Party Provider:** The provider will work directly with employees to capture enrollment information through an online platform or by phone. Programs that provide the benefit may have some participation guidelines. You would want to explore that when visiting the third-party provider's websites if this impacts your employee program. A list of service providers can be found at [nmrailrunner.com](http://nmrailrunner.com).

Most employers administer the benefit themselves, purchasing the transit tickets or vouchers each month and distributing them to employees. Some employers (especially larger ones) might find it more practical to hire a third-party provider to manage their program.

## 6. Is Commuter Tax Benefit subject to complex IRS requirements?

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Commuter Tax Benefit has many advantages over other pre-tax programs. It is exempt from the usual restrictions that accompany many other pre-tax programs allowed by the IRS. There are no plan filings, forms to fill out or mandatory enrollment dates.

## 7. Is the pre-tax benefit the same as a flexible spending plan?

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No. It will appear that way to employees, but this benefit is different on the payroll side. Pre-tax transit is under IRS code, Section 132(f), Qualified Transportation Fringe. It is not part of Section 125.

The pre-tax transit and vanpool benefit is open to everyone. There are no eligibility requirements, enrollment timeframes or reporting required. It may be offered to union and non-union employees. The more employees that participate in the pre-tax transit or vanpool benefit, the more the employer saves on payroll costs.

The pre-tax transit or vanpool benefit is not a "use it or lose it" benefit. It is intended to be deducted and used each month. However, since employers capture the payroll deductions upfront, the employee uses the deductions on a rolling basis. The deductions do not evaporate if not used, they remain as a credit toward the next transit or vanpool fare purchase.

## 8. Do I have flexibility in how I set up Commuter Tax Benefit?

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You can set up Commuter Tax Benefit to meet your own needs. You can offer it to all or just some of your employees. If you decide to provide the commute benefit in addition to compensation, you can use it as an annual benefit or as a reward, incentive or bonus.

### Commuter Benefits Are Easy to Set Up

- The benefit works like other pre-tax plans such as dependent care and medical reimbursement, except that it's much simpler.
- It is exempt from the usual restrictions and reporting requirements that accompany other pre-tax programs allowed by the IRS.
- There are no plan filings or forms for the employer to fill out, no irrevocable elections and no mandatory enrollment dates.

## **9. Is there a minimum number of participants to offer a pre-tax benefit?**

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No. The pre-tax benefit is open to every employer. Employers are able to provide the pre-tax benefit if any employees use transit or vanpool for their work commute. Programs that provide the benefit may have some participation guidelines. You would want to explore that when visiting the third-party provider's websites if this impacts your employee program.

## **10. Are there fees associated with the programs?**

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Fees vary depending on services offered. Explore the options with the third-party providers.

## **11. Who is responsible for administering the program?**

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The Department of Employee Trust Funds (ETF) oversees the program. Third-party providers provide administrative services. Providers are responsible for online enrollment, order and delivery transit passes, paying parking facility or vanpool directly, and processing requests for reimbursement of eligible expenses. Eligibility of expenses is dictated by the IRS, and providers use those guidelines when reviewing claims.