



NYC Transit Employer Toolkit



Benefit Resource, Inc.

245 Kenneth Drive
Rochester NY 14623-4277

481 Eighth Avenue, Suite 528
New York NY 10001

(800) 473-9595
info@BenefitResource.com

UPDATED 11/15

Benefit Resource, Inc.

commuterbenefits.nyc

Contents

What are Commuter Benefits?	3
What is the New York City Transit Law?.....	4
Key Highlights of the Law	4
The Financial Impact of the Law.....	6
Who is Benefit Resource, Inc.?	7
Our Value in the Industry	7
How is the Commuter Benefits Program Administered?	8
Product Features	8
Getting Started: Next Steps	10

What are Commuter Benefits?

Commuter Benefits are authorized under IRC Section 132(f) and allow employees to set aside tax-free dollars for eligible workplace commute and parking expenses through payroll deductions. On a monthly basis, participants can make a separate election for both mass transit and parking expenses. Participants will save on Federal, State and FICA taxes. Additionally, employers save 7.65 percent in employer payroll taxes.



ELIGIBLE WORKPLACE COMMUTE AND PARKING EXPENSES INCLUDE:

- Transportation to or from work on a subway, train, bus or ferry
- Parking at or near an individual's workplace
- Parking at a commuter lot where an individual transfers to mass transit

HOW THE TAX SAVINGS WORKS

Your employees can receive 30 to 40 percent tax savings on every eligible expense. Additionally, your company saves 7.65 percent on every dollar that employees elect. The *Beniversal Neutral-Price Guarantee* ensures you never pay more in administrative costs than you receive in FICA savings.

Sample Tax Savings	Per Participant	Total for All Participants
Eligible Employees	50 employees	
Tax Rate Assumptions	35% Employee; 7.65% Employer	
60% of Eligible Employees Participate	30 Participants	
Average Contribution	\$115/mo. (\$1,380 annually)	
Annual Tax Savings		
Employee	\$483.00	\$14,490.00
Employer	\$105.57	\$3,167.10
TOTAL TAX SAVINGS	\$588.57	\$17,657.10

What is the New York City Transit Law?

The New York City Council passed Int. No. 295-A, which will require that entities with twenty or more full-time employees offer qualified commuter benefits to their employees. The council voted 49-0 in favor of the bill. On October 20, 2014, Mayor Bill de Blasio signed the bill into law.

Key Highlights of the Law

- **Who is subject to the NYC Transit Law?** For-profit and nonprofit employers with twenty or more full-time employees must offer qualified transit benefits on a pre-tax basis to their employees. A full-time employee will be defined as any employee who works an average of 30 or more hours per week in the most recent 4-week period.
- **What entities are exempt from the Law?** Certain entities are exempt from the law. Exemptions exist for government entities, entities/employees under a collective bargaining agreement and entities not required to pay federal, State or New York City payroll taxes.
- **What employees must be covered under the Law?** The Law applies to full-time employees working in NYC. You are not required to offer benefits to part-time employees, full-time employees that live in NYC and commute elsewhere, independent contractors and former employees. For purposes of the law, temporary employees employed through a staffing company are considered employees of the staffing company, not the company using their services.
- **Who is responsible for implementing and overseeing the Law?** The Department of Consumer Affairs (DCA) will be responsible for the enforcement of the Law.
- **What are the Penalties for non-compliance?** Penalties for non-compliance will not apply until July 1, 2016. Upon first violation, a civil penalty of \$100 to \$250 will be assessed. First time violators will have 90 days to cure a violation before they become liable for the initial penalty. Each 30-day period in which an employer continues to fail to offer transit benefits would constitute a subsequent violation and would be liable for an additional civil penalty of \$250.
- **What types of expenses must be covered under a qualified commuter benefit program?** A qualified pre-tax commuter benefit program must cover the following types of transportation:
 - NYC Regional Mass Transit (MTA, LIRR, Amtrak, New Jersey Transit, Metro-North)
 - Eligible ferry and water taxi services
 - Eligible vanpools / commuter bus services
 - Access-A-Ride

There is no requirement to offer parking or bicycle commuter programs under the NYC Transit Law; however, these are federally approved benefits that can be offered as an additional benefit program.

- **What do employers need to do to become compliant with the NYC Transit Law?** The DCA had outlined a few guidelines that employers can follow to ensure they are compliant with the Law:
 1. **Employers should implement a pre-tax transit benefit program.** The program must allow full-time employees to elect up to the maximum pre-tax transit benefit allowed by the IRS (Current limits available at www.BenefitResource.com) and should cover all types of mass transit supported in and around NYC.
 2. **Provide a written offer to full-time employees.** DCA specifies that employers must make a formal offer to full-time employees regarding access to the benefit. Benefit Resource offers a number of communications, email templates and email distribution services to assist with communication to employees.
 3. **Maintain records of employee's response to accept/decline the benefit.** DCA has indicated employers should maintain at least two years of records regarding who was offered the benefit and if it was accepted or declined.
 - The DCA provides a template form that can be used for this purpose: <http://www1.nyc.gov/assets/dca/downloads/pdf/about/CommuterBenefits-EmployerComplianceForm.pdf>
 - Benefit Resource will also be making available a *NYC Transit Compliance report*, which will list out all eligible employees (as provided to BRI) and an indication of which employees elected benefits.
- **What other transit ordinances should employers be aware of?** There are a number of transit ordinances that exist throughout the country and many speculate the trend will only continue. Employers that have locations in multiple metropolitan areas throughout the country may want to offer pre-tax transit benefits company-wide to ensure compliance across all ordinances.
 - *San Francisco Commuter Benefits Ordinance:* Adopted in 2009, businesses with a location in San Francisco with 20 or more employees nationwide must offer at least one of: Pre-tax Transportation Benefit, Employer-Paid Benefits or Employer-Provided Transportation.
 - *Bay Area Commuter Benefits Program:* As of 9/30/2014, employers with 50 or more employees across the nine county Bay Area are required to offer one of four programs designed to reduce the number of single occupancy vehicles on the road, including the option to offer a pre-tax transit program.
 - *Washington D.C.:* Effective 1/1/16, every covered employer with 20 or more employees must provide one of: (a) employee-paid pre-tax election benefits, (b) employer-paid benefit or (c) employer-provided transportation at no cost. Learn more at: benefitresource.com/dctransit

- **Where can I find other resources regarding the NYC Transit Law?**
Benefit Resource has developed the www.commuterbenefits.nyc site to specifically address the issues and questions surrounding the NYC Transit Law.

Additional resources are also available from the Department of Consumer Affairs:

<http://www1.nyc.gov/site/dca/about/pre-tax-transit-benefits-law.page>

The Financial Impact of the Law

Pre-tax mass transit benefits are a great opportunity for employees and employers to save. Assuming an average individual tax liability of 30% and the cost of a monthly metro pass at \$112, the typical employee can expect to save \$403 per year. In a Wall Street Journal article, John Raskin, executive director of the Riders Alliance, estimated as many as 450,000 New Yorkers will have access to more affordable transit due to the passage of this law. At these figures, New Yorkers collectively will receive a \$181 million raise. Additionally, employers are set to save 7.65% in FICA obligations. After administrative fees are paid, employers can expect a new overall savings of \$40 or greater per employee per year. This generates an estimated \$19 million increase in cash flow for New York businesses to invest in their companies and staff.

Who is Benefit Resource, Inc.?

Benefit Resource, Inc. provides innovative and dedicated administration of tax-free benefit programs authorized by the Internal Revenue Code (IRC). These plans include: **Commuter Benefit Plans** (IRC Section 132(f)), **Flexible Benefit Plans** (IRC Section 125), **Health Reimbursement Plans** (IRC Section 105(h)) and **Health Savings Accounts** (IRC Section 223). We are an independent company founded by current president, Anthony DiBarnaba, and vice-president, Tom Guiler, over 20 years ago. We are headquartered in Rochester, New York with a secondary office in New York City and have become a premiere choice for tax-free benefits.

Our Value in the Industry

- **Experience:** We provide tax-free benefit account services to over 300,000 participants at more than 2,300 employers nationwide, including over 200,000 participants and 1,200 clients that trust us for their commuter benefit plan needs. Our experience in transit goes back to 1999, shortly after the Clean Air Act was passed permitting the establishment of commuter benefits programs. We started to explore the possibilities of offering pre-tax mass transit and parking commuter benefit programs and soon realized that the future of commuter benefits lied with electronic payments. In 2000, we developed the first electronic transit payment card with the eTRAC Prepaid MasterCard. Since that time, we have expanded our footprint and continued to refine our product offering. Recently, we became one of the first administrators nationwide to offer contactless payment technology designed for the use with mass transit and parking vendors.
- **Commitment to Industry:** We are committed to the ongoing growth and expansion of commuter benefits and are strategically positioned in key metropolitan areas with significant commuter populations. We are members of the Commuter Benefits Coalition and are actively lobbying congress to move to make mass transit limits in parity with parking limits.
- **Core focus:** Commuter Benefits are a core product for us and represent nearly 50% of revenues. This is not just something we do; it is who we are.
- **Innovative solutions:** We were one of the first administrators to introduce electronic card technology with our eTRAC[®] and Beniversal[®] Prepaid MasterCard[®]. These "stored value" cards were developed specifically for use with transit authorities, parking vendors and health care providers. We are leading the next wave of transit payment innovation through the Beniversal Card with Tap & Go[™] contactless payments.
- **In-house service and technology:** While many administrators use a third party provider or outsource their transit program, all of our administrative services and systems are provided by Benefit Resource.

How is the Commuter Benefits Program Administered?

A Commuter Benefit Plan is often overlooked by many companies. When asked why employers have not offered a plan, we often hear that commuter benefit plans are a hassle to administer, take too much time and are too costly. Our solutions limit the time employers spend administering the program while providing ultimate flexibility for participants. Additionally, our price guarantee ensures that employers save more in tax savings than what they pay in administrative fees.

Product Features

Client and Participant Support

Each client is assigned a Client Operations Specialist to serve as the day-to-day contact for the program administration and will assist with any questions. Our Participant Services Representatives are available Monday - Friday, 8am – 8pm (Eastern Time) to assist participants with any questions or issues. Participant Services is available by phone and online chat. English and Spanish support offered.

Documentation and Compliance

Tax-free benefits are authorized by the IRC and must comply with certain legal and regulatory requirements. As the specific reporting requirements are released for the NYC Commuter Benefits Law, we will work with clients to ensure all requirements are met and any required documentation is available.

Seamless Online Administration of the Program

We offer a variety of options for administering the program which can include online and file integration options. Our self-service option allows employers to administer the program online by simply adding or removing eligible employees. You can enter election changes directly or instruct employees to login to make their own election changes. Monthly change reports allow you to conveniently update your payroll system to ensure the proper deductions occur. Funds are then automatically pulled on a designated date each month and posted to participants accounts. There are no passes to order and distribute. No unused benefits lost. If you would like to discuss our other administration options, please contact your Regional Representative.

Initial Enrollment & Ongoing Participant Support

Continually, we hear that education is an employer's biggest struggle with implementing tax-free benefits programs. Benefit Resource provides a variety of enrollment communication and education resources to help employees in the selection process.

- **Communication Materials:** The CBP Summary Brochure is a key communication resource. It outlines what the accounts are, what expenses are eligible, how to determine your election and how to use the account. We also provide supplemental resources, which break down communication, including: enrollment flyers, FAQs, calculators and much more.

UPDATED 11/15

- **Email Communication Tool:** Benefit Resource provides email announcement distribution services to employers. It is as easy as selecting the email template you would like to use, importing a list of eligible employees and selecting the date you want to send the communication. We take care of the rest.
- **BRiEducation:** Provides employees with everything they need to know about the specific plans being offered by your group. BRiEducation is a web-enabled educational site optimized for use with any mobile device or tablet. The tools available include educational summaries, calculators, videos, FAQs and convenient mobile enrollment (if offered). With nothing to download, participants can begin by simply visiting education.benefitresource.com.
- **Video Presentations:** Benefit Resource provides a brief video intended to describe what the commuter benefit plan is and how to use it. This video can be posted to an intranet site and utilized at enrollment meetings or benefits fairs.
- **Webinars (Live & Recorded):** Webinars are a great option to educate employees and answer any questions they might have. Benefit Resource offers a number of live and recorded webinar opportunities throughout the year.

Account Access through Prepaid MasterCard

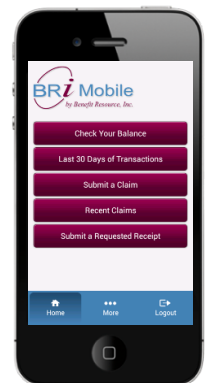
Benefit Resource simplifies Commuter Benefit Plan administration with access to the eTRAC or Beniversal Prepaid MasterCard. The Card is an electronic payment method for participants to access Commuter Benefits. It is specifically designed to work with virtually all transit vendors and authorities.



Online and Mobile Support On-the-Go

There is nothing more frustrating than standing at the ticket machine and being told you have insufficient funds. Benefit Resource provides a variety of resources to participants to provide instant access to account information and claims support.

- **Secure BRiWeb Login Site (www.BenefitResource.com):** Benefit Resource provides participants with secure internet access to their programs and accounts 24 hours a day, 365 days a year. The secure internet website provides plan documentation, forms, educational resources, detailed account and program information and much more at the click of a mouse. A brief overview of the site is available at: <http://www.benefitresource.com/employee-participant/resource-center/briweb/>. Upon request, we can schedule and provide a complete demonstration of the site.
- **BRiMobile app for iPhone, iPad and Android devices:** The BRiMobile app provides participants with instant, on-the-go access to all their tax-free benefit accounts with Benefit Resource. Through the BRiMobile app they can check account balances, view recent card transactions, submit and view recent claims and submit receipts.
- **Real-time email or text alerts:** Participants can sign-up to receive real-time email or text alerts regarding their accounts. Monthly balance alerts provide a reminder of current account balance(s). Duplicate transaction alerts protect account funds by notifying participants any time a duplicate transaction is suspected.



Getting Started: Next Steps

The NYC Transit Ordinance takes effect January 1, 2016. Get started today!

Complete	Step
<input type="checkbox"/>	Step 1: Sign-up Sign-up for a Commuter Benefits Plan at www.commuterbenefits.nyc or contact your Regional Representative.
<input type="checkbox"/>	Step 2: Program set-up Within 5 business days of signing-up, your new Commuter Benefits Plan will be established and you will receive a Welcome Email containing initial instructions and resources.
<input type="checkbox"/>	Step 3: Add eligible employees Login to employer administration area and add eligible employees.
<input type="checkbox"/>	Step 3: Announce the Program Benefit Resource provides a variety of resources to assist in introducing the program. Links are available in the Welcome Email and through the employer administration site.
<input type="checkbox"/>	Step 4: Employees enroll Employees log in to the participant login and make their election. Enrollment and election changes can be made each month until the designated cut-off.
<input type="checkbox"/>	Step 5: Employer sets-up payroll deductions Employer receives an election confirmation report of any changes that need to be made to payroll.
<input type="checkbox"/>	Step 6a: Employees accounts are funded on the designated date each month (or as selected).
<input type="checkbox"/>	Step 6b: Employees receive a Prepaid MasterCard for use with their accounts.

Benefit Resource, Inc.

(800) 473-9595

info@BenefitResource.com