

State of Hawai'i

# Pre-Tax Transportation Benefit Pilot Program

## Participant Guide



Revised 11/20/17

*Note: This Participant Guide is only a brief summary of the Program. It is not a contract or binding agreement. It does not supersede laws, rules, and policies and procedures pertaining to the Pre-Tax Transportation Benefit Pilot Program, and is subject to change. The provisions in the "Policy Guidelines and Procedures for the Pre-Tax Transportation Benefit Pilot Program" constitute the official terms of the Program and its benefits, and control over the contents of this Participant Guide.*

### **What is the Pre-Tax Transportation Benefit Pilot Program ("PTBP" or "Program")?**

This benefit pilot program is being offered to eligible employees of the State Executive Branch who live and work on Oahu. Eligible employees may purchase bus passes for TheBus, TheHandi-Van fare coupons and vouchers for the cost of their vRide (formerly known as Vanpool Hawaii) seat fees through payroll deduction before federal, State and FICA taxes are withheld, thereby increasing their take-home pay. Bus passes, Handi-Van fare coupons and vouchers purchased through this Program are non-transferable and non-refundable.

This Program is part of the State of Hawaii's Qualified Transportation Fringe Benefit Plan and is authorized under the Federal Transportation Equity Act for the 21<sup>st</sup> Century, and section 132(f) of the Internal Revenue Code.

### **How does the Program work?**

If you travel to work on TheBus, by TheHandi-Van service or via a vanpool through vRide, you may authorize the State to have your bus pass expense, the cost of a pre-set amount of Handi-Van fare coupons or a pre-set amount for your vRide seat fees deducted from your paycheck on a pre-tax basis.

A single monthly payroll deduction will be made on the 20<sup>th</sup> of the month for all employees. Your employer will purchase a bus pass for TheBus, Handi-Van fare coupons or voucher redeemable with vRide to cover your seat fees for you, and distribute it to you on a monthly basis.

### **Who are eligible to participate in the Program?**

Employees of the State Executive Branch (excluding the Department of Education):

- 1) Who are eligible to participate in the State of Hawai'i Employees' Retirement System;
- 2) Who live and work on Oahu; and
- 3) Who do not have parking in a State-controlled lot with a parking payroll deduction<sup>1</sup>.

Employees enrolling in the Program for TheHandi-Van service must also possess a current Handi-Van Photo Identification Card issued by TheBus, Oahu's transit system contracted by the City and County of Honolulu for transportation services on Oahu.

Employees enrolling in the Program for vRide must also be participating in a vanpool through vRide, a ridesharing commuter program administered by VPSI, Inc.

### **Are there any limits to the amount I can pre-tax in this program?**

Yes, the maximum allowable per month is set by the Internal Revenue Service (IRS).

### **Will my retirement, social security, deferred compensation or tax-sheltered annuity plan benefits be affected?**

The Program will not affect your State Employees' Retirement System Plan benefits.

Your Social Security benefits may be slightly reduced because your Social Security benefits and taxes will be calculated on your reduced salary amount.

Your enrollment in the Program may affect your Deferred Compensation or Tax-Sheltered Annuity Plan contributions if your contributions are based on a percentage, as opposed to a fixed dollar amount.

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<sup>1</sup> An employee participating in a vanpool with vRide under this Program may retain or take a parking assignment in a State-controlled lot on a post-tax basis.

### How much will I save?

The savings for each employee will vary depending on your tax bracket, but the following provides an example of how this benefit works:

Based on an annual salary of \$24,000\*

	<b>PTBP Bus Pass</b>	<b>No PTBP Bus Pass</b>	<b>PTBP Handi-Van</b>	<b>No PTBP Handi-Van</b>
Salary	\$24,000.00	\$24,000.00	\$24,000.00	\$24,000.00
Pre-Tax	840.00**	-0-	960.00+	-0-
Taxable Income	23,160.00	24,000.00	23,040.00	24,000.00
Federal Tax	1,452.00	1,536.00	1,440.00	1,536.00
State Tax	1,002.24	1,056.00	994.56	1,056.00
FICA Tax	1,771.68	1,836.00	1,762.56	1,836.00
After-Tax Deduction	0.00	840.00	0.00	960.00
Spendable Income	18,934.08	18,732.00	18,842.88	18,612.00
<b>Tax Savings Per Year</b>	<b>\$ 202.08</b>		<b>\$ 230.88</b>	

*(Note: The chart is being provided for illustrative purposes only. Withheld taxes are based on 2017 Federal & 2017 State Income Tax Withholding Tables.)*

\*Claiming married and 0 exemptions

\*\*Monthly Bus Pass rate of \$70

+ Monthly Handi-Van deduction of \$80

Employees in PTBP vRide may expect an even greater annual tax savings!

### When and how do I enroll?

If you are an eligible employee interested in enrolling in the PTBP Program, you must complete and submit the “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” to your Department Coordinator. Enrollment may occur at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

You may obtain the “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Enrollment Form” from your Department Coordinator or you may download it from the DHRD website:

<http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/>

**What do I have to do if I no longer wish to participate in the Program?**

You may obtain a “State of Hawai'i Pre-Tax Transportation Benefit Pilot Program Employee Cancellation Form” from your Department Coordinator, or you may download it from the DHRD website:

<http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/>

The completed form must be received by your Department Coordinator no less than thirty-five (35) calendar days prior to the month for which the cancellation is to be effective<sup>2</sup>. For example, to cancel your bus pass for November, the cancellation form must be received by your Department Coordinator by September 27.

**Once I cancel, will I be able to re-enroll at a later time?**

Yes, you may re-enroll at any time during the year. Please note that participation shall become effective as soon as administratively possible, on a prospective basis.

**What must I do if I transfer to another department within the State Executive Branch and wish to continue to participate in the Program?**

You must cancel your existing payroll deduction with your current department and re-enroll in the Program with your new department. Please keep in mind that payroll deductions are made one month in advance. Therefore, your Cancellation Form must be received by your current Department Coordinator at least thirty-five (35) calendar days before the effective date of the cancellation.

**Other than the regular monthly bus pass, are other types of bus passes offered as part of the Program?**

Yes. Senior and Disability Annual Bus Passes are also offered through the PTBP Program. If you are interested in participating in the PTBP Program for a Senior or Disability Annual Bus Pass, please contact your Department Coordinator.

**What if I have more questions?**

If you have other questions about the program or need help completing your enrollment form, please call your Department Coordinator. More information may also be found on the DHRD website:

<http://dhrd.hawaii.gov/state-employees/employee-benefits/tax-savings-plan-benefits/>

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<sup>2</sup> vRide participants must provide VPSI, Inc. the administrator of vRide, no less than 30 days notice of cancellation.