



RAMSEY COUNTY
TRANSPORTATION EXPENSE ACCOUNT PLAN
SUMMARY PLAN DESCRIPTION
2012

This booklet is intended to provide a description of Ramsey County's Transportation Expense Account Plan. Contact your Department Benefits Representative or the Human Resources Department if you have further questions regarding this benefit. Nothing in this summary is intended to constitute legal advice.

Effective January 2012

INTRODUCTION

Section 132 of the Internal Revenue Code excludes “qualified transportation fringes” provided by an employer to an employee from the employee’s gross income for tax purposes. The Transportation Expense Account Plan (Plan) is Ramsey County’s program to offer these benefits to its employees. Because of tax consequences, employees should fully understand the program before electing to participate.

What is the Transportation Expense Account Plan?

The Ramsey County Transportation Expense Account Plan is comprised of two parts: the Payroll Deduction Program (administered by Ramsey County) and the Transportation Expense Reimbursement Program (currently administered by Total Administrative Services Corporation (TASC)).

Payroll Deduction Program (PDP)

The PDP covers qualified transportation expenses paid through payroll deduction. These deductions include Metropass, Metro Mobility, Park and Shuttle, and employee-paid parking at Ramsey County facilities. These deductions are taken from salary on a pre-tax basis unless the employee submits a PDP Change in Participation form waiving participation.

Transportation Expense Reimbursement Program (TERP)

The TERP is designed to reimburse transportation-related expenses that are not deducted through payroll. The TERP has two components:

- Transportation Expense Reimbursement Program-Parking (TERP-Parking)
This program allows employees to set aside pre-tax dollars for out-of-pocket expenses incurred to park their cars in facilities located within one mile of where they work, or at a location from which they commute to work by mass transit, vanpool or carpool.
- Transportation Expense Reimbursement Program-Vanpool (TERP-Vanpool)
This account allows employees to set aside pre-tax dollars for out-of-pocket expenses incurred for participation in a vanpool.

Is there a limit on the amount of transportation expenses that may be reimbursed under the Plan?

- There is a limit of \$240 per month for reimbursement of qualified parking expenses in PDP and TERP combined;
- There is a limit of \$125 per month for reimbursement of transit and/or vanpool expenses from the PDP (Metropass or Metro Mobility) and TERP-Vanpool *combined*.
- These limits are subject to change by the Internal Revenue Service.

Who is eligible to participate in the Plan?

- Any Ramsey County employee who has qualified transportation expenses (currently, Metropass, Metro Mobility, Park and Shuttle, and employee-paid parking at Ramsey County facilities) deducted from payroll is eligible to participate in the PDP.
- Insurance-eligible employees (permanent, probationary, provisional and unclassified employees who work at least 40 hours per pay period on a regular basis) are eligible to participate in TERP.

When are deductions taken?

Deductions for both PDP and TERP are currently taken on the first paycheck of the month.

Does enrollment in this program continue automatically from year to year?

Yes. Once employees have enrolled in the PDP and/or TERP, they remain continuously enrolled unless they instruct the County otherwise in writing or terminate employment with the County.

May an employee enroll in both the PDP and the TERP?

Yes. If an employee meets the eligibility requirement for both programs, that employee may enroll in both programs. For example, an employee may purchase a Metropass through payroll deduction, yet also drive to work and pay for parking several times per month. While the Metropass is paid through payroll deduction and covered under the PDP, the employee may also enroll in the TERP to cover the parking costs for the days he/she drives and pays to park.

If an employee is participating in the PDP parking or TERP-Parking, can he/she still seek reimbursement from the County for work-related parking expenses?

Yes. The on-line Mileage and Parking form assists employees with calculating the maximum amount that may be reimbursed on a pre-tax basis. If the employee requests reimbursement for an expense for which he/she already received a pre-tax benefit, the reimbursement will be on an after-tax basis.

Does participating in this Plan affect PERA contribution levels?

Participation in this plan does not affect employee or employer PERA contributions, as PERA deductions are calculated using an employee's full, unreduced salary.

Does participating in this Plan affect Social Security contribution levels?

Participation in this Plan does reduce the employee's Social Security (FICA) wage base. Employer and employee contributions to Social Security would be based on a lower FICA wage base and could affect future Social Security benefits.

PAYROLL DEDUCTION PROGRAM

The PDP allows employees to pay for payroll-deducted transportation expenses (currently Metropass, Metro Mobility, Park and Shuttle, and employee-paid parking at Ramsey County facilities) with pre-tax dollars. Employees are automatically enrolled in the PDP if they sign up for these programs unless they submit a "PDP Change in Participation" form waiving participation. Deductions included in PDP will automatically reflect any cost increases to employees. (For example, if the cost of a Metropass increases, the additional amount will be deducted automatically.)

Can an employee elect to have these expenses paid on an after-tax basis?

Yes. If an employee chooses not to participate in the PDP and have the deduction taken on an after-tax basis, the employee must complete a "PDP Change in Participation" form. This form is available from Department HR/Payroll Contacts, or on RamseyNet under Employee Resources/Benefits/Pre-tax Programs. In addition, an employee may revoke a waiver or participation in the PDA at any time by submitting another "PDP Change in Participation" form ***by the 15th of the month prior to the month in which the change is to be effective.***

TRANSPORTATION EXPENSE REIMBURSEMENT PROGRAM

There are two types of Transportation Expense Reimbursement Programs (TERPs): one for parking expenses (TERP-Parking), and one for vanpool expenses (TERP-Vanpool). These programs allow employees to set aside pre-tax dollars for certain out-of-pocket transportation-related expenses that are not covered by the Payroll Deduction Program. Employees can participate in the programs by completing and submitting a signed "TERP-Parking TERP-Vanpool Change in Participation" form (available from Department HR/Payroll Contacts or on RamseyNet under Employee Resources/Benefits/Pre-tax Programs) to the HR/Payroll Contact **by the 15th of the month prior to the month in which the employee wants to begin participating in the Plan.**

As participants incur eligible transportation expenses, they complete a Reimbursement Claim Form, itemize expenses, attach receipts (if available), and mail, fax, or upload the documents to TASC (the claims administrator for the Plan). **Note: Claims for reimbursement must be submitted within 180 days of the date the expense is incurred.** While expenses may be submitted for more than one month at a time, each month's expenses must be listed separately. Employees may only withdraw up to the amount already contributed to the account. A reimbursement check will be mailed to the employee's home, or deposited directly in his/her bank account if the employee has signed up for direct deposit with TASC.

What expenses qualify for reimbursement under TERP?

TERP-Parking

Eligible transportation expenses for the TERP-Parking are defined as expenses incurred to park in a facility within one mile of the business premises of the employer or expenses incurred to park at a location from which an employee commutes to work by (a) mass transit, (b) a Commuter Highway Vehicle (vanpool), or (c) carpool. An employee who commutes to work by bicycle who pays a fee to park a bicycle in a secure location (such as a bike locker) may submit those expenses under this plan.

- Parking expenses that are paid or reimbursed by the County may not also be reimbursed through TERP.
- Parking expenses that are paid through the PDP may not also be reimbursed through TERP.

TERP-Vanpool

Eligible transportation expenses for the TERP-Vanpool are defined as expenses incurred for participation in a commuter highway vehicle (vanpool). Under IRS rules, vanpools are defined as any highway vehicle that has seating capacity of at least six adults excluding the driver, and meets the two following requirements for mileage use: At least 80% of the vehicle mileage use must reasonably be expected to be (1) for transporting employees in connection with travel between their residences and their place of employment, and (2) actually used on trips during which the number of employees transported for commuting is, on average, at least one-half of the adult seating capacity, excluding the driver.

The designated employee "prime member" (often the driver or the person assigned the parking space) who travels in a vanpool and contracts for parking is eligible for reimbursement of parking costs for the van (up to \$240 per month). At the same time, the prime member is eligible to be reimbursed for the cost of participating in the vanpool (up to \$125 per month). All other employees commuting in a vanpool who are not the "prime member" are only eligible for the reimbursement of the cost of participating in the vanpool and not the parking cost. Only one person can be reimbursed for the cost of parking the van.

Is there a minimum deduction amount?

Yes. There is a minimum deduction amount of \$1.00 per month.

Is there a minimum reimbursement request amount?

No. There is no minimum reimbursement request amount.

When is an expense incurred?

For transportation expenses to be reimbursed, they must have been incurred during the monthly period of coverage for which an election is in force. A transportation expense is incurred when the service that gives rise to the expense is provided. This means that if an employee has an annual or ongoing contract for monthly parking, he/she incurs the expense for the monthly charge for that parking on the first of each month. An employee may not be reimbursed for any expenses arising before the plan became effective, before enrollment became effective, or for any expenses incurred after the employee stops participating in the Plan or terminates employment with Ramsey County.

When may employees enroll in TERP?

Eligible employees may enroll at any time by submitting a TERP-Parking TERP-Vanpool Change in Participation form to their Department HR/Payroll Contact. ***The completed form must be received by the 15th of the month prior to the month the employee wants to begin participating in the Plan.***

When may an employee change the election amount or stop participating in the plan?

A participant may change or stop elections for future monthly periods of coverage by submitting a TERP-Parking TERP-Vanpool Change in Participation form to the Department HR/Payroll Contact ***by the 15th of the month prior to the month in which they wish to stop or change deductions.***

How does an employee submit a request for reimbursement?

After enrollment in TERP, participants who are not already enrolled in the health care or dependent care reimbursement programs will receive a Participant Reference Guide and a customized claim form from TASC. They will also receive a PIN number under separate cover. Participants are encouraged to go to www.tasconline.com to enter their email address and direct deposit information. If the participant is already enrolled in one of the other programs, they will not receive another mailing. When they are ready to submit a claim, they should go to www.tasconline.com to print their customized enrollment form or to submit their reimbursement request online. For assistance with filing a claim, participants should call TASC Customer Service (1-800-422-4661).

Expenses may be submitted for more than one month at a time; however, expenses for each month must be listed separately, and expenses for each month will only be reimbursed up to the monthly maximum. Expenses must be claimed within 180 days of the date incurred.

What if both spouses work for the County and they both incur transportation expenses?

Both spouses may participate in the plan, each up to the monthly limits of \$240 per month for qualified parking expenses and \$125 per month for bus pass or vanpool expenses combined.

What happens to an employee's TERP if he/she leaves County employment?

If an employee leaves County employment, his/her TERP cannot be continued. However, the employee may continue to submit expenses incurred while he/she was employed, up to 180 days from the date of termination. ***Any money remaining in the account after the final processing period will be forfeited.***

When do employees risk forfeiting funds in a TERP?

If an employee terminates employment or stops participating in the Plan, he/she has 180 days to submit claims for transportation expenses incurred prior to the termination. *Funds remaining in the account after 180 days will be forfeited.*

What should an employee do if it looks like too much money is accumulating in an account?

An employee should reduce (*not stop*) contributions to the plan and continue to submit claims for reimbursement for expenses incurred. The minimum deduction amount is \$1.00 per month. (If the employee stops contributions, he/she will only be able to submit claims for expenses incurred prior to stopping participation.)

If there is money left in the account at the end of the year, may it be carried forward into the next year?

Yes. Unlike other pre-tax accounts, funds left in the Plan account at the end of the year may be carried forward into the next year.

What happens during a leave of absence?

During a paid leave of absence, employee contributions to, and coverage under, the TERP will continue. If the employee does not expect to incur qualified expenses during the leave, he/she may wish to reduce or discontinue TERP deductions during the leave as they will not be incurring eligible expenses. The TERP-Parking TERP-Vanpool Change in Participation form should be submitted to the employee's Department HR/Payroll Contact ***by the 15th of the month prior to the month in which the employee wants the deduction to change or stop.*** When the employee returns to work and begins to incur qualified expenses again, he/she should submit another form to resume deductions.

During an unpaid leave of absence, deductions will automatically cease. Claims for expenses incurred prior to the unpaid leave must be submitted within 180 days of the date the expense was incurred. Deductions will automatically resume upon the employee's return to work unless he/she submits a TERP-Parking TERP-Vanpool Change in Participation form to stop or change deductions.

If I have other questions, who can I call?

General questions regarding this program should be directed to Diane Leyde of the Ramsey County Human Resource Department at (651) 266-2734. Questions concerning a claim or account balance should be directed to TASC Customer Services at 1-800-422-4661, or check at www.tasconline.com.