

**efg**

***eflexgroup.com***



***PARK IT! POOL IT!***

Presented by  
Ric Joyner, CFCI  
eflexgroup.com, Inc.

under the auspices of:

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January, 2002

Dear Employer:

Thank you for considering **eflexgroup.com, inc.** as your administrator for the *Park It! Pool It!* service.

**The Transportation Equity Act for the 21<sup>st</sup> Century** allows employers to offer employees the opportunity to set aside a portion of their salary to pay for certain transportation expenses. The employee will not be taxed on amounts set aside and used for qualified expenses (that is, pre-tax dollars are used to pay the commuting expenses).

**eflexgroup.com, inc.** (eflexgroup.com®) is a web-based Third Party Administrator (TPA). Services include flexible spending accounts (FSA), MERPs, cafeteria, COBRA, HIPAA, and other business administration functions that require legally compliant plans and processes.

Our commitment is to expertise, technology and service. Our core competencies are speed of response and claim payments, and maintaining legally compliant plans and processes. Please review the attached materials to become more familiar with our plans and services, and visit our web site, [www.eflexgroup.com](http://www.eflexgroup.com), to learn more about us.

Respectfully Submitted,

**eflexgroup.com, inc.**

Tom Jacobs, J.D.  
Ric Joyner, CFCI

**Please Note:**

The information in this proposal is legally privileged and confidential information intended only for the use of the individual(s) to whom it is directed as named on the first page. If you, the reader of this proposal, are not the intended recipient, you are hereby notified that you should not further disseminate, distribute, or forward this proposal. If you have received this proposal in error, please notify [eflexgroup.com](http://eflexgroup.com). 608.243.8277

## **EXPERTISE**

Our staff has over 40 years of experience in the Cafeteria Plan industry, Human Resources, and COBRA administration. We have created an area on our website called “flexpert” for questions and research.

## **TECHNOLOGY**

Through our web-based service technology, we have created efficiencies that allow us to provide superior service at a reasonable price. Please visit our web site at [www.eflexgroup.com](http://www.eflexgroup.com). We have created a “flex convenience store” that allows employees and employers to self-serve themselves on redundant matters such as downloading forms, enrolling, reviewing account and claims status. Because our plan is so easy to use, more employees participate, resulting in greater tax savings to the employer.

## **IRC Section 132(1) Commuter’s Expense Flexible Spending Account**

**The Transportation Equity Act for the 21<sup>st</sup> Century** allows employers to offer employees the opportunity to set aside a portion of their salary to pay for certain transportation expenses. The employee will not be taxed on amounts set aside and used for qualified expenses (that is, pre-tax dollars are used to pay the commuting expenses).

Qualified transportation expenses generally include payments for the use of mass transportation (for example, train, subway, bus fares), and for parking (see further details below). The maximum monthly pre-tax contribution for mass transit is \$65, and \$175 for parking. These limits will be indexed for inflation.

### **How It Works:**

The transportation fringe benefit is similar to the pre-tax flexible spending accounts available for medical expenses and dependent care. One important difference, however, is the transportation benefit does not include a “use it or lose it penalty,” as is the case with medical/dependent care flexible spending accounts.

Before the start of the plan year, individual employees elect to set aside a certain amount of pretax salary to cover qualified costs incurred in commuting to work. The employee will designate an amount (up to \$65 per month) for mass transit expenses and a separate amount (up to \$175 per month) for parking expenses -- separate reimbursement accounts are maintained for each category, and funds cannot be commingled or transferred between accounts (for example,, amounts cannot be transferred from the mass transit to the parking account).

As the employee incurs the expenses during the year, a request (usually a claim form) may be submitted to the employer for reimbursement. Any amounts remaining in the employee’s reimbursement account at the end of the year are refunded to the employee in the following year (that is, the year after the employee’s

contributions were withheld from his/her paycheck).

**Who is Eligible:**

As a general rule, the new transportation fringe benefit can only be provided by employers to employees. Common law employees and officers of corporations are eligible (the law does not include non-discrimination requirements for the benefit). Sole proprietors, partners, independent contractors, and two-percent shareholders of S corporations are not eligible for this transportation fringe benefit.

**Qualified Expenses:**

Parking expenses that can be paid with pre-tax dollars include the costs of (1) parking a vehicle in a facility that is near the employee's place of work, or (2) parking at a location from where the employee commutes to work (for example, the cost of parking in a lot at the train station so that the employee can continue his/her commute on the train).

*Qualified mass transit expenses include:*

- Transit passes for mass transportation to and from work. Qualified amounts include costs of any pass, token, fare card, voucher, or other item that entitles the employee to use mass transit for the purpose of traveling to or from his/her place of work.
- The mass transit can be a public system, or a private enterprise provided by a company/individual who is in the business of transporting people in a "commuter highway vehicle." Such a vehicle must have a seating capacity for six or more adults (not including the driver), and at least 80% of the of the vehicles' mileage must be from transporting employees to and from their place of work. Additionally, the vehicle must be carrying at least three passengers (not including the driver). Commuter highway vehicles may be owned or leased by an employer to be used by employees or a third-party provider for transportation purposes. Employees can also own and operate commuter highway vehicles.

*Tax Savings:*

Federal income tax and social security (FICA) tax are not imposed on amounts set aside for qualified transportation expenses. Depending on state law, individuals may also avoid state and local income taxes on earnings set aside. The federal tax savings can be as much as 35.65% (28% federal tax plus 7.65% FICA). The table that follows on the next page summarizes the amount of savings available at different income levels, assuming maximum employee contributions are made to each reimbursement account (\$240 monthly contribution --\$65 for mass transit plus \$175 for parking).

**1998 Marginal  
Federal Income Tax  
Rate  
Plus FICA**

**Annual Salary  
Deduction  
(\$240 per month  
for one year)**

**Tax  
Savings**

22.65% (1)	\$2,880	\$652
35.65% (1)	\$2,880	\$1,027
37.45% (2)	\$2,880	\$1,079
41.05% (2)	\$2,880	\$1,182

1. 15 and 28% marginal rates plus 7.65% FICA (assuming salaries less than \$72,600 for 1999).
2. 36 and 39.6% marginal rates plus 1.45% FICA HI (Medicare) tax for salaries over \$72,600 for 1999.

The employee's future social security benefits may be slightly lower because the amounts set aside for the transportation costs are not subject to FICA tax. In most cases, this reduction in the social security wage base will have a nominal effect on future social security benefits. These are some thoughts to consider about the transportation fringe benefits. Your financial advisor can also provide additional information and should be consulted before any action is taken.

## **PARTICIPATION IN THE PLAN**

### **2.1 Commencement of Participation.**

Each Eligible Employee shall be eligible to become a Participant in the Plan as of his Entry Date.

### **2.2 Procedure for and Effect of Participation.**

An Eligible Employee may become a Participant in the Plan by executing a Compensation Reduction Agreement and providing such data as are reasonably required by the Employer as a condition of such participation. By becoming a Participant, each individual shall for all purposes be deemed conclusively to have consented to the provisions of this Plan and to those of the Commuter's Plan, and to all amendments thereto.

### **2.3 Cessation of Participation.**

A Participant will cease to be a Participant as of the earliest of:

- A. the date on which the Plan terminates;
- B. the date on which he ceases to be an Eligible Employee; or
- C. the date on which he voluntarily ceases to be a Participant pursuant to the terms of the Commuter's Plan.

Nothing in this Section 2.3 shall prohibit the payment of Benefits with respect to claims arising prior to the Participant's termination of participation.

Notwithstanding the foregoing, a former Participant who continues to receive Compensation from the Employer shall remain a Participant for all purposes until the date such Compensation ceases.

### **2.4 Recommencement of Participation.**

A former active Participant will recommence participation as of his date of reemployment. A reemployed former active Participant may not make a *new* election which is effective during the Plan Year in which he separated from service with the Employer.

## **2.5 Annual Elections.**

For any Plan Year, a Participant may affirmatively elect to receive Benefit Credits to be applied to the Benefits provided by this Plan by filing a Compensation Reduction Agreement form, which may be obtained from the Employer, and which shall specify the exact amount of the Participant's Compensation which the Participant wishes to receive as Benefit Credits instead of in cash Compensation during the period covered by the Compensation Reduction Agreement. The initial Compensation Reduction Agreement filed by any Participant who is an Eligible Employee shall become effective on the first day of the first pay period, as applicable to the Participant, which commences after such election form is submitted, properly signed and dated, by the Participant to the Employer and accepted on behalf of the Employer. Any subsequent Compensation Reduction Agreement filed by such a Participant shall become effective on the first day of the subsequent Plan Year for which such election is made.

## **DEFINITIONS**

- 1. "Eligible Transit, Commuter or Parking Expenses"** means those expenses incurred by the Participant after the effective date of the Participant's participation herein and during the Plan Year otherwise allowable as deductions under Code section 132.
- 2. "Employee"** means any person who is engaged in the conduct of the business of a Participating Employer, excluding independent contractors and members of a collective bargaining unit.

# PARK IT! POOL IT!

## FEE SCHEDULE

- **Annual Plan Services Fee** **\$300.00**
  
- **One time Set up fee (number of eligible)**
  - **1-50** **\$ 250.00**
  - **51-100** **\$ 500.00**
  - **101-200** **\$ 800.00**
  - **200-500** **\$1200.00**
  - **500-750** **\$1500.00**
  - **751-1000** **\$1800.00**
  - **1001-1500** **\$2200.00**
  - **1501-2000** **\$2600.00**
  - **2001-2500** **\$3000.00**
  - **2501-3000** **\$3400.00**

**Renewal Fee is half the first year set up fee**

- **Monthly Park It! Pool It! Admin fee  
(Per Park It! Pool It! participant)** **\$4.50**
  - ◆ **Minimum Monthly fee** **\$50.00**
  - ◆ **Minimum Check processed** **\$10.00**  
(claims will be held until a minimum of \$10 received)
  
  - **Daily Claim Payment** **Included**

**Mixed with the FSA plan the cost is \$3.00**

**Example:** if the employee uses a FSA and than has Park It! Pool It! the fee would be \$7.00 per participant.

**Fee Sharing:**

Most employers pay the cost of the FSA program and Park It! Pool It! Plan as the employer makes this up in the FICA tax savings generated by the plan.



**eflexgroup.com**  
**TRANSPORTATION FRINGE BENEFIT**  
**Enrollment Form**

1. Employer: \_\_\_\_\_

Employee Name: \_\_\_\_\_ Soc Sec # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
 (Last) (First) (M.I.)

Address: \_\_\_\_\_  
 (Street) (City) (State) (Zip)

**TRANSPORTATION BENEFIT OPTIONS**

PARKING (MAXIMUM \$185 per month) Per Month: \_\_\_\_\_

TRANSIT PASSES (MAXIMUM \$65.00 per month) Per Month: \_\_\_\_\_

Parking Spending Account Election:

I authorize my employer to deduct the following amount on a pre-tax basis from my paycheck each pay period to be applied to the Parking Spending Account:  
*(Maximum Monthly Qualified Parking Expenses Allowed is \$175.00)*

\$ \_\_\_\_\_ X \_\_\_\_\_ Pay Periods = \$ \_\_\_\_\_ Plan Year Total  
 (Amount per pay period)

2. Authorization and Agreement

I have read the information describing the Commuter's Expense Reimbursement Plan and agree to follow the terms of the Plan Document. I recognize I must submit proper documentation (receipt listing name & address of who rendered the service, description of charge, and date & amount of charge) with a Claim Form to the Plan Administrator for the reimbursement of these qualified expenses, as determined by the Internal Revenue Code. I further recognize that any unused amounts remaining in my Account at the end of the election year can be carried over to subsequent months for an indefinite period so long as the amounts are used solely for qualified transportation fringe benefits. I understand that I will have a 90-day grace period in which to submit qualified expenses following the close of the Plan Year or upon termination of participation.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

<b>For Office Use Only:</b>	
Received by: _____	Date: _____
Effective Date: _____	Effective Payroll Date: _____



eflexgroup.com

**Commuter's Expense Reimbursement Plan  
Commuter's Spending Account Enrollment/Change Form**

1. Employer: \_\_\_\_\_

Employee Name: \_\_\_\_\_ Soc Sec # \_\_\_\_\_ - \_\_\_\_ - \_\_\_\_  
(Last) (First) (M.I.)

Address: \_\_\_\_\_  
(Street) (City) (State) (Zip)

2. I would like to:

Enroll in Commuter Spending Account       Discontinue Commuter Spending Account       Change Pre-tax Amount

For Plan Year: \_\_\_\_\_, \_\_\_\_\_ through \_\_\_\_\_, \_\_\_\_\_  
(Month & Day) (Year) (Month & Day) (Year)

**Note: Account Elections must be set up prior to the Plan Year start and CANNOT be changed without an eligible change in status once the Plan Year begins.**

3. Commuter's Spending Account Election:

I authorize my employer to deduct the following amount on a pre-tax basis from my paycheck each pay period to be applied to the Commuter's Spending Account:  
*(Maximum Monthly Commuter's Expenses Allowed is \$65.00)*

\$ \_\_\_\_\_ X \_\_\_\_\_ Pay Periods = \$ \_\_\_\_\_ Plan Year Total  
(Amount per pay period)

4. Authorization and Agreement

I have read the information describing the Commuter's Expense Reimbursement Plan and agree to follow the terms of the Plan Document. I recognize I must submit proper documentation (receipt listing name & address of who rendered the service, description of charge, and date & amount of charge) with a Claim Form to the Plan Administrator for the reimbursement of these qualified expenses, as determined by the Internal Revenue Code. I further recognize that any unused amounts remaining in my Account at the end of the election year will be returned to me as taxable income. I understand that I will have a 90-day grace period in which to submit qualified expenses following the close of the Plan Year or upon termination of participation.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Received by: \_\_\_\_\_ Date: \_\_\_\_\_

Effective Date: \_\_\_\_\_ Effective Payroll Date: \_\_\_\_\_



**eflexgroup.com**  
**Parking Spending Account**  
**Reimbursement Claim Form**

Employer: \_\_\_\_\_

Employee Name: \_\_\_\_\_ SS#: \_\_\_\_-\_\_\_\_-\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

**Instructions**

1. For all reimbursable expenses, copies of all bills/receipts must be attached including who (name & address) rendered the service, description of charge, and date & amount of charge. Canceled checks are not acceptable receipts.
2. Submit this form to: *eflexgroup.com*, 2322 Atwood Avenue, Madison, WI, 53704. Retain a copy for your records.

**Expenses**

Item	Date of Expense	Reason for Payment	Amount Paid
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____

**Employee Certification**

I certify that all items listed above for reimbursement are in compliance with the Plan and such items have not and will not be covered by any other plan or program of any employer or other person. *eflexgroup.com* does not accept responsibility for direct payment to any individuals other than the employee.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**eflexgroup.com**  
**Commuter's Spending Account**  
**Reimbursement Claim Form**

Employer: \_\_\_\_\_

Employee Name: \_\_\_\_\_ SS#: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

**Instructions**

1. For all reimbursable expenses, copies of all bills/receipts must be attached including who (name & address) rendered the service, description of charge, and date & amount of charge. Canceled checks are not acceptable receipts.
2. Submit this form to: *eflexgroup.com*, 2322 Atwood Avenue, Madison, WI, 53704. Retain a copy for your records.

**Expenses**

Item	Date of Expense	Reason for Payment*	Amount Paid
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____

\* Use the following letter designation for 'Reason for Payment':

- A. Mass Transit Pass, token, farecard, voucher or similar item entitling transportation;
- B. Commuter Highway Vehicle (seating capacity of six or more adults [not including driver] and at least 80% of vehicle's mileage must be from transporting employees to and from work.)

**Employee Certification**

I certify that all items listed above for reimbursement are in compliance with the Plan and such items have not and will not be covered by any other plan or program of any employer or other person. *eflexgroup.com* does not accept responsibility for direct payment to any individuals other than the employee.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**eflexgroup.com**  
**TRANSPORTATION FRINGE BENEFIT**  
**Change in Election Form**

Name:	
Soc. Sec. #:	Date of Hire:
Address:	Date of Birth:
City, State:	Effective Date:
Zip:	First Payroll Deduction Date:

Please complete and sign the form and return it to the Human Resource Department.

**ADD**       **DROP**       **CHANGE**

**REVISED TRANSPORTATION BENEFIT OPTIONS**

- PARKING (MAXIMUM \$175 per month)      Per Month: \_\_\_\_\_
- TRANSIT PASSES (MAXIMUM \$65.00 per month)      Per Month: \_\_\_\_\_

I hereby elect the above compensation items to be reduced from my gross paycheck. I recognize that my contributions through payroll reduction are completely voluntary and in compliance with Federal and State Law.

*Elections and payroll deductions must be made prior to services being provided.*

Once you make your elections, they will remain in effect and continue automatically until you notify the Human Resources Department that you wish to terminate your Transportation Benefits.

**YES**

I understand that I may revoke this election at any time, but I cannot change this compensation reductions amount until the beginning of each quarter (*January, April, July, October*). I recognize I must submit proper documentation (receipt listing name & address of who rendered the service, description of charge, and date & amount of charge) with a Claim Form to the Plan Administrator for the reimbursement of these qualified expenses, as determined by the Internal Revenue Code. I further recognize that any unused amounts remaining in my Account at the end of the election year can be carried over to subsequent months for an indefinite period so long as the amounts are used solely for qualified transportation fringe benefits.

**Employee Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**NO**

I certify that I have read the above carefully, and I do not wish to participate in the parking or transit account at this time.

**Employee Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

<p><b>For Office Use Only:</b>          Received by: _____ Date: _____          Effective Date: _____ Effective Payroll Date: _____</p>
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**eflexgroup.com**  
**Commuter's Expense Reimbursement Plan**  
**Parking Spending Account**  
**Enrollment/Change Form**

1. Employer: \_\_\_\_\_

Employee Name: \_\_\_\_\_ Soc Sec # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
 (Last) (First) (M.I.)

Address: \_\_\_\_\_  
 (Street) (City) (State) (Zip)

2. I would like to:

- Enroll in Parking Spending Account       Discontinue Parking Spending Account       Change Pre-tax Amount

For Plan Year: \_\_\_\_\_, \_\_\_\_\_ through \_\_\_\_\_, \_\_\_\_\_  
 (Month & Day) (Year) (Month & Day) (Year)

**Note: Account Elections must be set up prior to the Plan Year start and CANNOT be changed without an eligible change in status once the Plan Year begins.**

3. Parking Spending Account Election:

I authorize my employer to deduct the following amount on a pre-tax basis from my paycheck each pay period to be applied to the Parking Spending Account:  
*(Maximum Monthly Qualified Parking Expenses Allowed is \$175.00)*

\$ \_\_\_\_\_ X \_\_\_\_\_ Pay Periods = \$ \_\_\_\_\_ Plan Year Total  
 (Amount per pay period)

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I have read the information describing the Commuter's Expense Reimbursement Plan and agree to follow the terms of the Plan Document. I recognize I must submit proper documentation (receipt listing name & address of who rendered the service, description of charge, and date & amount of charge) with a Claim Form to the Plan Administrator for the reimbursement of these qualified expenses, as determined by the Internal Revenue Code. I further recognize that any unused amounts remaining in my Account at the end of the election year will be returned to me as taxable income. I understand that I will have a 90-day grace period in which to submit qualified expenses following the close of the Plan Year or upon termination of participation.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Received by: \_\_\_\_\_ Date: \_\_\_\_\_

Effective Date: \_\_\_\_\_ Effective Payroll Date: \_\_\_\_\_