

University of California

Pretax Transportation Program Factsheet

Parking • Transit Passes • Vanpooling

Federal and State tax laws make it possible for the University to offer the Pretax Transportation Program in which eligible employees who pay for parking, transit passes, or vanpooling by payroll deduction may do so on a pretax basis, subject to certain limits.

Availability of pretax payroll deductions for transit pass and vanpooling expenses will vary by location.

See the Questions and Answers section for important details not covered in the text.

About Pretax Deductions

Pretax payroll deductions are deductions taken from your gross pay **before** taxes are withheld. Pretax deductions reduce the amount of your taxable earnings—which reduces the amount of your income tax

and FICA (Social Security and Medicare) withholding, thus increasing your net take-home pay. Your tax savings will vary, depending primarily on the amount of the deductions and your tax bracket.

Who is Eligible for Pretax Transportation Deductions

Eligibility varies according to UC location. For information on the availability of and eligibility rules for payroll deductions to pay for parking, transit passes, or vanpooling at your location, check with the person in your department who handles payroll matters. If you meet the eligibility requirements in effect at your UC location, you are eligible for the pretax option.

How the Program Works

Program Overview and Pretax Deduction Limits for Calendar Year 2009

Limit on Deduction That Can Be Taken Before This Tax is Withheld:

Transportation Expense	Availability	Federal Income Tax	FICA*	State Income Tax
Parking	All UC locations	\$230 per month	\$230 per month	\$230 per month
Transit Passes	Check with your department	\$230 per month total for transit pass and/or vanpooling expenses.	\$230 per month total for transit pass and/or vanpooling expenses.	\$230 per month total for transit pass and/or vanpooling expenses.
Vanpooling	Check with your department	\$230 per month total for transit pass and/or vanpooling expenses.	\$230 per month total for transit pass and/or vanpooling expenses.	\$230 per month total for transit pass and/or vanpooling expenses.

* Your FICA taxes are calculated at 6.2% of your taxable earnings for Social Security up to the Social Security wage base (\$106,800 in 2009) and 1.45% for Medicare (no wage base limit).

Parking

Qualified parking expenses, **which are limited to a maximum of \$230 per month**, are expenses that you pay through payroll deduction to park on or near the University's premises.

The pretax deduction applies to Federal and State income taxes and FICA taxes.

Transit Passes and Vanpooling

Ask the person in your department who handles payroll matters whether you can pay for transit pass and/or vanpooling expenses by payroll deduction at your UC location. If so, qualified expenses **are limited to a maximum of \$230 per month combined** for:

- **Transit passes**—passes for mass transit facilities such as buses, railcars, ferries, etc.

- **Vanpooling**—commuting in a highway vehicle with a seating capacity of at least seven adults, including the driver.

Pretax deductions for these expenses will apply to Federal and State income taxes and FICA taxes. Under Federal and State law, the maximum pretax deduction for transit pass and vanpool expenses—whether separately or combined—is the single amount of **\$230 per month**.

What You Should Do

Parking

If you do not want pretax deductions:

You can switch to after-tax deductions by filling out and submitting the *Pretax Transportation Deductions or Cancellation or Re-enrollment* form (UPAY 884), which is included in this factsheet. The form is available from the person in your department who handles payroll matters, and is also available online at ucop.edu/payroll/forms.htm. The form will be processed on a prospective basis subject to normal payroll deadlines.

If you do not currently have payroll deductions:

If eligible, you can sign up for deductions according to the procedures at your location. Ask the person in your department who handles payroll matters for instructions and appropriate forms.

Transit Passes and Vanpooling

Ask the person in your department who handles payroll matters whether payroll deductions for these expenses are available. If so, ask for sign-up instructions.

Questions and Answers

1. If my pretax deduction is less than the limit in any month, may the unused portion be used in subsequent months?

No. The limit is applied on a monthly basis only. Also, the pretax deduction must reflect actual expenses, up to the IRS and State limits. For example, if you pay \$50 a month for parking, then you are entitled to a pretax deduction of only \$50.

2. Will my participation in the pretax program affect my HAPC (Highest Average Plan Compensation), which is used to calculate UC Retirement Plan benefits?

No. These pretax deductions will not affect the salary used in calculating your benefits under the University of California Retirement Plan (UCRP).

3. Will participation in the pretax program affect my Social Security benefits?

Pretax deductions reduce taxable income on which Social Security benefits are based. If your taxable earnings are below the Social Security wage base (\$106,800 in 2009), then your future Social Security benefits could be reduced—if these earnings are in years used to calculate the benefits. Contact Social Security for more information on how benefits are calculated (phone 1-800-772-1213; online www.ssa.gov).

4. If I pay for parking, vanpooling, or transit passes by cash, check, or credit card, am I entitled to any tax benefits?

No. Only employees who pay for these transportation expenses through payroll deduction qualify for pretax benefits. Employees who pay for parking, vanpooling, or transit passes by cash, check, or credit card do not qualify for tax benefits.

**UNIVERSITY OF CALIFORNIA PRETAX
TRANSPORTATION DEDUCTIONS OR
CANCELLATION or RE-ENROLLMENT**
UPAY 884 (5/09)

This form is to be used only for opting out of or re-enrolling in pretax parking, vanpool, or transit pass deductions. You must be enrolled in a University parking, vanpool, or transit pass program as approved by your Parking Office. Any questions about transportation rates, impact on benefits, or processing deadlines, should be directed to your local Parking Office, Benefits Office, or Departmental Assistant as appropriate.

PERSONAL INFORMATION		
NAME (Last, First, Middle Initial)	SOCIAL SECURITY NUMBER	EMPLOYEE ID NUMBER (4-12)
CAMPUS	DEPARTMENT	
CAMPUS ADDRESS (Room, Building)	CAMPUS TELEPHONE	CAMPUS E-MAIL ADDRESS

I want the action requested on this form to be effective with my paycheck dated _____ month day year subject to local accounting office deadlines.

CANCELLATION/RE-ENROLLMENT (Check appropriate box)			
	PARKING	VANPOOL	TRANSIT PASS
<input type="checkbox"/> Cancel my pretax participation. I wish to pay all applicable taxes on my current deduction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> I wish to have my transportation deduction taken on a pretax basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGNATURE			
SIGNATURE	DATE	ACCOUNTING/PARKING OFFICE APPROVAL	DATE

FILL OUT ALL PERTINENT INFORMATION AND SEND THIS FORM TO YOUR PAYROLL OR PARKING OFFICE

PRIVACY NOTIFICATIONS

STATE

The State of California Information Practices Act of 1977 (effective July 1, 1978) requires the University to provide the following information to individuals who are asked to supply information about themselves. The principal purpose for requesting information on this form, including your Social Security number, is to verify your identity, and/or for benefits administration, and/or for federal and state income tax reporting. University policy and state and federal statutes authorize the maintenance of this information. Furnishing all information requested on this form is mandatory. Failure to provide such information will delay or may even prevent completion of the action for which the form is being filled out. Information furnished on this form may be transmitted to the federal and state governments when required by law. Individuals have the right to review their own records in accordance with University personnel policy and collective bargaining agreements. Information on applicable policies and agreements can be obtained from campus or Office of the President Staff and Academic Personnel Offices. The official responsible for maintaining the information contained on this form is the Associate Vice President—University of California Human Resources, 1111 Franklin Street, Oakland, CA 94607-5200.

FEDERAL

Pursuant to the Federal Privacy Act of 1974, you are hereby notified that disclosure of your Social Security number is mandatory. The University's record keeping system was established prior to January 1, 1975 under the authority of The Regents of the University of California under Article 1X, Section 9 of the California Constitution. The principal uses of your Social Security number shall be for state tax and federal income tax (under Internal Revenue Code sections 6011.6051 and 6059) reporting, and/or for benefits administration, and/or to verify your identity.

FOR ACCOUNTING PURPOSES ONLY							
Tran Code (1-2)	Entry Date (13-18)	Element No. (19-23)	Amount (24-30)	Tran Code (1-2)	Entry Date (13-18)	Element No. (19-23)	Amount (24-30)
X1				X1			

RETN: Accounting: 5 years after separation except retain in cases involving disability, retirement or disciplinary action until age 70.
Other copies: 0-5 years after separation.

5. How can I establish payroll deductions for parking off-campus in private lots?

To find out whether this is possible at your location, ask the person in your department who handles payroll matters for more information.

As indicated in this factsheet, the individual UC locations have considerable discretion in providing payroll deductions for various transportation expenses and for establishing eligibility requirements and other procedural rules. Local requirements and procedures will govern if they differ from the information here.

The information in this factsheet on deduction limits and tax rules, however, is **not** subject to any local variations.

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulations, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (1-800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees, and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. Contact your Human Resources Office for more information.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued coverage for a certain period of time at applicable monthly COBRA rates if you, your spouse, or your dependents lose group medical, dental, or vision coverage because you terminate employment (for reasons other than gross misconduct); your work hours are reduced below the eligible status for these benefits; you die, divorce, or are legally separated; or a child ceases to be an eligible dependent. Note: The continuation period is calculated from the earliest of these qualifying events and runs concurrently with any other UC options for continued coverage. See your Benefits Representative for more information.

In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Director of Diversity and Employee Programs, University of California Office of the President, 300 Lakeside Drive, Oakland, CA 94612 and for faculty to Director of Academic Affirmative Action, University of California Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Website address: atyourservice.ucop.edu



University of California
Human Resources
P.O. Box 24570
Oakland, CA 94623-1570

