

Compare the value of an annual Metro Pass with Commuter Benefits to a \$624 per year salary increase.

Annual Costs and Value		
Options	Employer	Employee
\$624/yr salary increase	Spends \$443 to provide (after taxes)	Takes home \$362
\$624/yr Employer-paid Tax-free benefit	Spends \$412 to provide	Takes home \$624
\$624/yr Employee-paid Pre-tax benefit	Saves \$31 in payroll taxes	Saves \$262 in income and payroll taxes

What's next?

Remember to consult your company management, legal and financial staff before implementing.

For more information please go to:
Employer's Tax Guide to Fringe Benefits
www.irs.gov/publications/p15a/ar02.html
www.irs.gov/publications/p15b/ar02.html

*California State Income Tax Benefits for Employees
 California State Revenue and Taxation Code, Section 17149 excludes rideshare benefits from income. See Instructions for California Schedule CA (540), line 7, column B, page 45 for reference.

The tax benefit programs described herein encompass transportation, payroll and human resources issues. Depending on the structure of your organization it is advisable to involve these departments early in the planning process. This information is in no way designed to serve as legal or financial advice. Please consult your company's legal and financial personnel before implementing any of the programs described here.

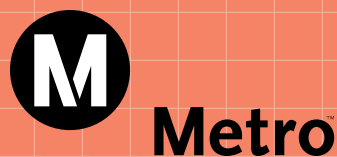
The pertinent law can be found Section 132(f) of the internal Revenue Code, Title 26 of the United States Code, as modified by the Taxpayer Relief Act of 1997 and the Transportation Equity Act of the 21st century. IRS publication 535 also explains the law.

Vanpools and parking for employees that rideshare may also qualify for tax breaks under the Commuter Benefits program.



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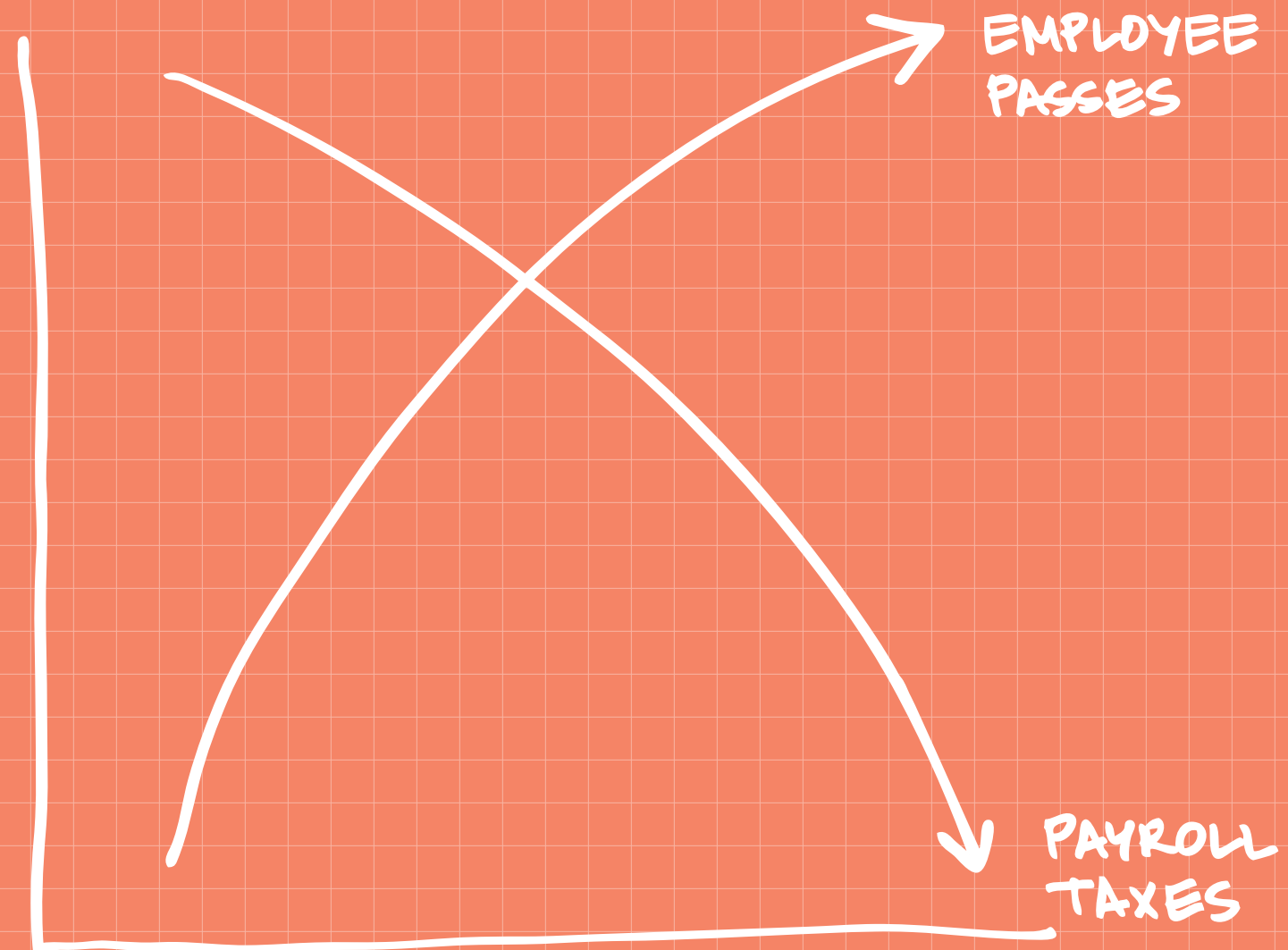
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Metro Commute Services
 Commuter Benefits

The Right Benefit

COMMUTE



Everyone saves with Commuter Benefits.

What is Commuter Benefits?

Commuter Benefits is a tax-free/pre-tax program that allows employers to offer up to \$1,260 per year to encourage their employees to use transit.*

To qualify the employer must distribute transit passes (or vouchers) to the employees (cash reimbursement is not allowed).

What's in it for you?

Offering Commuter Benefits provides a valuable return to employers and employees and will help to improve employee productivity, reduce stress, improve air quality and mobility, and reduce energy consumption.

Employer Benefits

- > Reduces payroll taxes
- > Low cost employee benefit
- > Reduces parking costs
- > Improves recruitment and retention
- > Improves company image

Employee Benefits

- > Uses pre-tax money for transit
- > Increases take-home pay
- > Reduces transit commuting cost
- > Reduces vehicle operating costs

Choose the option that works best for you:

Employer-Paid Tax-Free Benefit

- > After paying for the employees' transit fares, the employer receives a full tax deduction and pays no payroll taxes on the amount
- > Recommended for employers who want or need to encourage more use of transit

Employee-Paid Benefit

- > Employees use pre-tax salary to pay for transit expenses
- > Recommended for employers with limited cash, with no parking issues and no need to encourage more use of transit

Combination Plan

- > Employer pays some of the transit expenses and the employee pays the rest
- > Employer and employees share savings as listed above
- > Recommended for employers who want to encourage more use of transit but cannot cover the entire cost

Who is eligible for Commuter Benefits?

All W-2 recipients are eligible, including those working for private sector companies, non-profits and government agencies.

Now, let's get started:

Follow these easy step-by-step instructions to determine your potential savings.

Employer Savings	
Steps	Example
1. Determine the number of employees who currently use transit	40 employees take transit
2. Determine the average amount paid for transit	\$52/month for transit
3. Multiply this cost by the number of employees who take transit, then by 12 months	40 employees take transit x \$52/month x 12 months = \$24,960
4. Multiply this amount by 10% (if you want to include average estimated payroll and other contributions) or 7.65% (for average payroll tax savings alone) to get the total estimated annual payroll tax savings	Estimated annual payroll tax savings: \$24,960 x 10% = \$2,496

*or vanpool