

Washington D.C. Transit

Employer Toolkit



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Contents

What are Commuter Benefits?	3
What is the DC Commuter Benefit Ordinance?	4
Key Provisions of the Ordinance	4
Options for Compliance under the Ordinance	4
Communication and Notification Requirements	5
Common Questions Answered	5
Who is Benefit Resource, Inc.?	7
Our Value in the Industry	7
How is the Commuter Benefit Program Administered?	8
Product Features	8

What are Commuter Benefits?

Commuter Benefits are authorized under Internal Revenue Code (IRC) Section 132(f) and allow employees to set aside pre-tax dollars for eligible workplace commute and parking expenses through payroll deductions. On a monthly basis, participants can make a separate election for both mass transit and parking expenses. Participants will save on Federal, State and FICA taxes.



Eligible Workplace Commuting and Parking Expenses Include:

- Transportation to or from work on a subway, train, bus or ferry
- Parking at or near an individual's workplace
- Parking at a commuter lot where an individual transfers to mass transit

How the Tax Savings Works

Your employees can receive 30 to 40 percent tax savings on every eligible expense. Additionally, your company saves 7.65 percent on every dollar that employees elect. The *Beniversal Neutral-Price Guarantee* ensures you never pay more in administrative costs than you receive in FICA savings.

Sample Tax Savings	Per Participant	Total for All Participants
Eligible Employees	50 employees	
Tax Rate Assumptions	35% Employee; 7.65% Employer	
60% of Eligible Employees Participate	30 Participants	
Average Contribution	\$115/mo. (\$1,380 annually)	
Annual Tax Savings		
Employee	\$483.00	\$14,490.00
Employer	\$105.57	\$3,167.10
TOTAL TAX SAVINGS	\$588.57	\$17,657.10

What is the DC Commuter Benefit Ordinance?

Under The Sustainable DC Act of 2014¹, the District of Columbia passed a Commuter Benefit Ordinance which requires businesses with more than 20 employees located in Washington, D.C. to offer commuter transit benefits to their employees.

Key Provisions of the Ordinance

- Employers with more than 20 employees will be required to provide one of three commuter benefit options, including:
 - Employee-paid pre-tax benefit
 - Employer-paid direct benefit
 - Employer-provided Transportation
- Each individual employed by the employer will count towards the 20-employee threshold, regardless of full-time or part-time status.
- The transportation benefits will follow the rules and definitions in Section 132(f) of the Internal Revenue Code.
- Any employer who fails to offer at least one of the required transportation benefit options will be subject to civil fines and penalties beginning on November 14, 2019. For each month that a covered employer is non-compliant, it may be fined \$100 per covered employee for the first offense, \$200 per covered employee for the second offense, \$400 per covered employee for the third offense, and \$800 per covered employee for any subsequent offenses.
- Final rules outline communication and documentation requirements.

Options for Compliance under the Ordinance

Employee-paid pre-tax benefit

Employees would be entitled to set aside pre-tax dollars to pay for workplace commuting expenses incurred by commuter highway vehicle (van pool), bus, streetcar or train. This would include transportation expenses for the Washington Metropolitan Area Transit Authority, Maryland Area Regional Commuter, Virginia Railway Express or Amtrak.

Under an employee pre-tax benefit program, such as Beniversal Commute, employees would be issued a Beniversal Prepaid Mastercard for use in paying for transportation expenses. The card is designed to specifically work with transportation authorities and parking vendors (when parking benefits are provided).

An employee-paid pre-tax benefit program is typically the easiest and least costly option for employers to implement to comply with the law.

Employer-paid direct benefit

Under an employer-paid benefit program, the employer would supply employees with the option to elect a transportation benefit that would be used to pay for public transportation. The employer would directly pay for the cost of the benefit.

Employer-provided transportation

Under the employer-provided transportation option, the employer has the option to provide transportation directly at no cost to the employee in a vanpool or bus operated by or for the employer.

Communication and Notification Requirements

The Final Rules² describe certain notification requirements that employers must comply with.

1. Notify employees of the benefit.

Employers must notify covered employees of the commuter benefits offering, including how to obtain additional information regarding the benefits.

2. Explain how to enroll.

Employers must clearly explain how employees enroll and begin using the available commuter benefits.

Additionally, employers must explain how to submit a complaint to the D.C. Department of Employment Services. Complaints can be made at (202) 671-1880 or OWH.ask@dc.gov. This communication may be done through any commercially appropriate means such as email, internal documents or conventional or electronic bulletin boards.

3. Provide documentation of commuter benefits.

Employers must provide covered employees with documents outlining the commuter benefits program as part of the employee benefits package or within new hire documentation. This is expected to be a written description of the benefits along with enrollment form and/or instructions.

4. Maintain records.

Employers must maintain records for a minimum of three years showing that they have complied with their obligations regarding commuter benefits.

Common Questions Answered

What employers are subject to the law?

Any employer with 20 or more employees working in D.C. is subject to the law. Full-time and part-time employees are counted towards this threshold. An employee is considered to be working in D.C. if they are performing 50% of their work in D.C. Any employee that does not perform 50% of their work in D.C. is not counted towards the threshold count of 20 employees.

When determining the number of employees, employer must use the greater of (1) the number of full-time and part-time as of December 31 or the previous year or (2) the average number of employees during the previous year.

What options do employers have to comply?

Employers must offer at least one of (a) employee-paid pre-tax transportation benefit, (b) employer-paid direct benefit, or (c) employer-provided transportation.

When does the law take effect?

The law became effective January 1, 2016. Penalties became effective November 14, 2019 following the release of the Final Rules.

When must benefits be offered to employees?

A qualified transportation benefit program must be offered within 90 days of employment.

What do employers need to do to comply?

- (1) Implement a qualified transportation benefit program.
- (2) Notify employees of the available transit benefit program.
- (3) Provide information to employees on how to apply and receive benefits
- (4) Issue benefits to all employees that request / apply for them
- (5) Maintain records to establish compliance with the requirements

Who is responsible for overseeing the law?

The Department of Employment Services (DOES) is responsible for managing the law. Questions or concerns can be sent to the D.C. Office of Wage-Hour at (202) 671-1880 or email OWH.ASK@dc.gov.

What are the recordkeeping requirements of the law?

Employers must maintain three years of data to illustrate employees have (a) received an offer of benefits and (b) documentation that elected benefits were provided. There is no filing requirement associated with the law; however, records must be available upon request to the Mayor or DOES.

Who is Benefit Resource, Inc.?

Benefit Resource, Inc. provides innovative and dedicated administration of tax-free benefit programs authorized by the Internal Revenue Code (IRC). These plans include: **Commuter Benefit Plans** (IRC Section 132(f)), **Flexible Benefit Plans** (IRC Section 125), **Health Reimbursement Plans** (IRC Section 105(h)) and **Health Savings Accounts** (IRC Section 223). We are headquartered in Rochester, New York with regional support throughout the country. We have become a premiere choice for tax-free benefits.

Our Value in the Industry

- **Experience:** We provide tax-free benefit account services to over 325,000 participants at more than 4,500 employers nationwide that trust us for their commuter benefit plan needs. Our experience in transit goes back to 1999, shortly after the Clean Air Act was passed, permitting the establishment of commuter benefits programs. We started to explore the possibilities of offering pre-tax mass transit and parking commuter benefit programs and soon realized that the future of commuter benefits lied with electronic payments. In 2000, we developed the first electronic transit payment card with the eTRAC[®] and Beniversal[®] Prepaid Mastercard[®]. Since that time, we have expanded our footprint and continued to refine our product offering.
- **Commitment to the Industry:** We are committed to the ongoing growth and expansion of commuter benefits and are strategically positioned in key metropolitan areas with significant commuter populations. We are members of the Commuter Benefits Coalition and are actively lobbying congress to move to make mass transit limits in parity with parking limits.
- **Innovative solutions:** We were one of the first administrators to introduce electronic card technology with our eTRAC and Beniversal Prepaid Mastercard. These “stored value” cards were developed specifically for use with transit authorities, parking vendors and health care providers. We are leading the next wave of transit payment innovation through the Beniversal Card with Tap & Go[™] contactless payments.
- **In-house service and technology:** While many administrators use a third party provider or outsource their transit program, all of our administrative services and systems are provided by Benefit Resource.
- **Trusted by names you trust:** Benefit Resource provides administrative services to clients ranging from small companies to large Fortune 500 companies.

How is the Commuter Benefit Program Administered?

A Commuter Benefit Plan is often overlooked by many companies. When asked why employers have not offered a plan, we often hear that commuter benefit plans are a hassle to administer, take too much time and are too costly. Our solutions limit the time employers spend administering the program while providing ultimate flexibility for participants. Additionally, our price guarantee ensures that employers save more in tax savings than what they pay in administrative fees.

Product Features

Client and Participant Support

Each client is assigned a Client Operations Specialist to serve as the day-to-day contact for the program administration and will assist with any questions. Our Participant Services Representatives are available Monday - Friday, 8am – 8pm (Eastern Time) to assist participants with any questions or issues. Participant Services is available by phone and online chat. English and Spanish support offered.

Documentation and Compliance

Commuter Benefits are authorized by the IRC and must comply with certain legal and regulatory requirements. Benefit Resource also aids in compliance with the D.C. Transit Ordinance.

- **Commuter Benefit Plan Specifications** are provided to every plan and outline the rules and eligibility of your commuter benefits program. This serves as formal documentation of your commuter benefits offering.
- **Enrollment / Waiver Form.** Benefit Resource provides an optional Enrollment / Waiver Form that can aid in documentation and evidence of the offer made to employees.

Seamless Online Administration of the Program

We offer a variety of options for administering the program which can include online and file integration options. Our self-service option allows employers to administer the program online by simply adding or removing eligible employees. You can enter election changes directly or instruct employees to login to make their own election changes. Monthly change reports allow you to conveniently update your payroll system to ensure the proper deductions occur. Funds are then automatically pulled on a designated date each month and posted to participants accounts. There are no passes to order and distribute. No unused benefits lost. If you would like to discuss our other administration options, please contact your Regional Representative.

Initial Enrollment & Ongoing Participant Support

Continually, we hear that education is an employer's biggest struggle with implementing tax-free benefits programs. Benefit Resource provides a variety of enrollment communication and educational resources to help employees in the selection process.

- **Communication Materials:** The CBP Summary Brochure is a key communication resource. It outlines what the accounts are, what expenses are eligible, how to determine an election and how to use the account. We also provide supplemental resources, which break down communication, including: enrollment flyers, FAQs, calculators and much more.
- **BRiEducation:** Provides employees with everything they need to know about the specific plans being offered by your group. BRiEducation is a web-enabled educational site optimized for use with any mobile device or tablet. The tools available include educational summaries, calculators, videos, FAQs and convenient mobile enrollment (if offered). With nothing to download, participants can begin by visiting: education.benefitresource.com.
- **Video Presentations:** Benefit Resource provides a brief video intended to describe what the commuter benefit plan is and how to use it. This video can be posted to an intranet site and utilized at enrollment meetings or benefits fairs.
- **Webinars (Live & Recorded):** Webinars are a great option to educate employees and answer any questions they might have. Benefit Resource offers a number of live and recorded webinar opportunities throughout the year.

Account Access through Prepaid Mastercard

Benefit Resource simplifies Commuter Benefit Plan administration with access to the Beniversal Prepaid Mastercard. The Card is an electronic payment method for participants to access Commuter Benefits. It is specifically designed to work with virtually all transit vendors and authorities.



Online and Mobile Support On-the-Go

There is nothing more frustrating than standing at the ticket machine and being told you have insufficient funds. Benefit Resource provides a variety of resources to participants to provide instant access to account information and claims support.

- **Secure BRiWeb Login Site (www.BenefitResource.com):** Benefit Resource provides participants with secure internet access to their programs and accounts 24 hours a day, 365 days a year. The secure internet website provides plan documentation, forms, educational resources, detailed account and program information and much more at the click of a mouse. Upon request, we can schedule and provide a complete demonstration of the site.
- **BRiMobile app for iPhone, iPad and Android devices:** The BRiMobile app provides participants with instant, on-the-go access to all their tax-free benefit accounts with Benefit Resource. Through the BRiMobile app they can check account balances, view recent card transactions, submit and view recent claims and submit receipts.
- **Real-time email or text alerts:** Participants can sign-up to receive real-time email or text alerts regarding their accounts. Monthly balance alerts provide a reminder of current account balance(s). Duplicate transaction alerts protect account funds by notifying participants any time a duplicate transaction is suspected.

Resources & References

¹ The Sustainable DC Act of 2014 - <https://does.dc.gov/page/sustainable-dc-omnibus-amendment-act-2014-0-does>

² Final Rules released August 16, 2019 and available at: <https://dcregs.dc.gov/Common/NoticeDetail.aspx?NoticeId=N0085992>

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