



Commuter Benefit Arrangement (CBA)

Pay your qualified transportation and parking expenses with pre-tax dollars.

WHAT IS IT?

A Commuter Benefit Arrangement (CBA) allows you to use "tax-free" dollars to pay for qualified transportation and parking expenses used for the purpose of employment.

WHAT BENEFITS MAY BE OFFERED?

There are three qualified transportation benefits that may be included in a plan:

- Qualified Parking
- Transit Passes
- Vanpooling

Qualified Parking means parking provided to an employee at or near the business premises of the employer. It can also mean parking provided at or near a location from which the employee commutes to work by mass transit, vanpooling, carpool, or by any other means.

Transit Passes means any pass, fare card, or similar item (including an item exchangeable for fare media) that entitles the employee to transportation on mass transit facilities (whether or not publicly owned).

Vanpooling means transportation between the employee's residence and place of employment in a commuter highway vehicle that has a seating capacity of six or more adults (not including the driver) and where at least 80% of the mileage used for a year can reasonably be expected for the purposes of transporting employees between their residence and place of employment.

WHAT ARE THE MAXIMUM BENEFIT LIMITS?

The limit for qualified parking is \$230 per month and \$230 per month for transit and vanpooling combined.

WHY SHOULD I PARTICIPATE?

You can avoid taxes on your premiums (Social Security tax at 7.65% and Federal Income Tax of generally 15% to 27%).

ARE THERE ANY NEGATIVES?

Because you do not pay Social Security taxes on your premiums, your Social Security benefits may be slightly reduced.

CAN I REVOKE MY PREMIUM REIMBURSEMENT AMOUNT?

You can revoke your existing election and make a new election any time during the year, as long as the election is made before the earlier of: 1) when the employee is currently able to receive the cash; or 2) the beginning of the period for which the benefit will be provided.

HOW AND WHEN DO I PARTICIPATE?

You may participate in the Plan at any time during the year.

You will need to complete an Election/Salary Reduction Form and give it to your employer.

EXAMPLE

You earn \$30,000 annually and pay \$185 per month (\$2,200 per year) out of pocket for your parking expenses.

	Without CBA	With CBA
Gross (taxable) Pay	\$30,000	\$30,000
Pre-tax Parking Benefit	-	\$(-2,200)
Taxable Pay	\$30,000	\$27,780
Taxes (estimated at 25%)	\$(-7,500)	\$(-6,945)
Net Take-Home Pay	\$20,280	\$20,835

(Actual savings may vary based on individual circumstances.)



CONSUMER-DIRECTED HEALTHCARE

HOW AND WHEN AM I REIMBURSED?

Use your MGIS Flex Convenience® card to pay for your expenses or submit a copy of your parking, transit, or vanpooling expenses (by third party substantiation or employee certification) and a Reimbursement Request Form.

CAN I PURCHASE BEYOND THE MONTHLY PRE-TAX LIMITS ?

You have the choice of utilizing a personal credit card for purchases in excess of the IRS-mandated pre-tax limits.

AN INDUSTRY LEADER

One of the first administrators to develop debit card technology, MGIS has been a leading benefits provider to the healthcare industry since 1969. A dedicated MGIS Account Manager supports you long after the sale with white-glove administration. Our website, www.We-R-CDH.com, offers tools to assist you and your employees with CDH information, savings calculators, and 24/7 account access.

THE COMPETITIVE ADVANTAGE IS YOURS

Tap the power of CDH savings and spending accounts from MGIS. Save your clients valuable tax dollars, increase employee satisfaction through increased participation and contributions, and increase your sales revenue.

LEARN MORE

To learn more about innovative CDH solutions from MGIS, contact:

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