

Benefits: Pre-Tax Parking Fee Deduction Program

The Pre-Tax Parking Fee Deduction Program allows you the choice to payroll deduct your parking fees on a pre-tax basis. When you elect to payroll deduct on a pre-tax basis, it reduces your taxable income. This allows you to realize savings in Federal Income Taxes and Medicare. Due to recent changes in Federal tax laws, up to \$270 of personal parking expenses per month can be paid for on a pre-tax basis through this program (\$90 per pay period limit because of those months that have three pay periods per month).

You are eligible for the Pre-Tax Parking Fee Deduction Program if you are a Faculty, Classified Staff, Exempt Staff or Hourly Employee. Student employees are not eligible.

Customers who select pre-tax payroll deduction during August/September will see deductions reflected in the following ways:

- 12-month employees paid bi-weekly: will see 22 deductions beginning in September through July.
- 9-month employees paid bi-weekly: will see 17 deductions beginning in September through May

Customers who select pre-tax payroll deduction after September 30 will see deductions reflected in the following ways:

- Employees paid bi-weekly: will see payments for the remaining portion of the term of their employment.

Each month participating employees have dollars deducted from their paycheck, up to a limit set by the IRS, on a pre-tax basis to pay for parking passes or other qualified transportation expenses. Since these deductions are taken on a pre-tax basis you are saving taxes by not paying income or social security taxes on the wages used to purchase parking. The net effect is that you are buying your pass at a discounted price. An employee's gross pay will not change, but his/her net pay will increase, due to the lesser amount of pay subject to tax withholding. The Pre-Tax Parking Fee Deduction will not impact your retirement benefit or your retirement contributions or tax-sheltered annuities.

No Refunds: Federal law and regulation prohibits the refund of pre-tax qualified parking deductions.

Tax laws do not allow for a refund of the Pre-Tax Parking Fee once deducted. Therefore, it is recommended that you payroll deduct through the end of the plan year (September through July – cutoff for annual permits because of end of fiscal year) or until your academic or cyclic appointment ends each year.

- Employees that know they will be present through the entire can payroll deduct at a higher limit without penalty (Available limits for payroll deduction per pay period are \$12 - \$90 for regular permits and \$38 - \$90 for gold permits, Sustainable permits are deducted at \$50 per pay period). An employee who ceases to participate in the Pre-Tax Parking Fee Deduction Program (such as in the case of termination of employment) would not be entitled to receive a refund.
- Employees that still would like to participate in the Pre-Tax Parking Fee Deduction program but may not be certain of the permanency of their position may want to payroll deduct at a lower rate that better reflects the portion of the permit that is being used. The payroll deduction payments listed in the **table below** will minimize loss in the case of termination or any other reason you will no longer be required to pay for parking. The payments for permits are adjusted as close as possible to reflect use but because the total payments are limited by the number of pay periods, there is an accumulated loss depending on when you return your permit.
- Employees that know they will be leaving in the new fiscal year will need to return their sustainable permit and select a permit that will reflect their termination date.
- You can stop the payroll deduction at any time prior to the month that you want the Pre-Tax Parking Fee Deduction to stop, by returning the permit to the Bursar's office for cancellation and the deduction will be stopped on the next available pay cycle.

Potential Permit Payroll Deduction Schedule

Type	Price	# of Pay Periods**	Payment per Pay Period (Best)	Last payment	Maximum Loss*
Annual Decal	264	22	12.00	12.00	44.00 (August)
Annual Hanger	274	22	12.50	11.50	44.00 (August)
9 Month Decal	200	17	12.00	8.00	16.00 (April)
9 Month Hanger	210	17	12.50	10.00	8.00 (April)
Annual Gold	827	22	38.00	29.00	127.00 (August)
9 Month Gold	708	17	42.00	36.00	32.00 (April)

*Loss of refund varies depending on month that permit is returned. The maximum is listed with month.

**There are 22 pay periods (end of fiscal year cutoff) for annual permits creating a larger payment per pay period and limiting when there refund can occur. There are 17 pay periods for 9 month permits.

Cancellation of Pre-Tax Parking Deductions:

If you wish to stop pre-tax parking deductions during the permit year, you must return your permit. Payroll deductions will be stopped the following calendar month. Permits items must be returned to finalize permit cancellation. Permits must be returned by the end of the month, to prevent being charged for the following calendar month. Note that you will remain financially responsible for the permit fee until you return your permit and your cancellation takes effect.

Termination of Employment and Missed Deductions:

If your employment with the University terminates, you must return your permit. The cancellation date of a permit is the date the permit is returned to the Bursar's office, and not your date of termination from the University. Until the permit is returned, it is considered active, and you will remain financially responsible for the permit fee. If a pre-tax parking deduction is missed for any reason, including due to your termination of employment or an insufficient amount in your paycheck to cover the permit fee, you are still financially responsible for the permit fee. Failure to pay a missed deduction will result in revocation of a permit. By participating in the Program, you agree that: (1) the University may withhold any overdue and outstanding parking permit fees from any amounts owed to you by the University; and (2) any outstanding balance is a debt to the University that may be collected.

IRS document link at <https://www.irs.gov/pub/irs-regs/td8933.pdf>