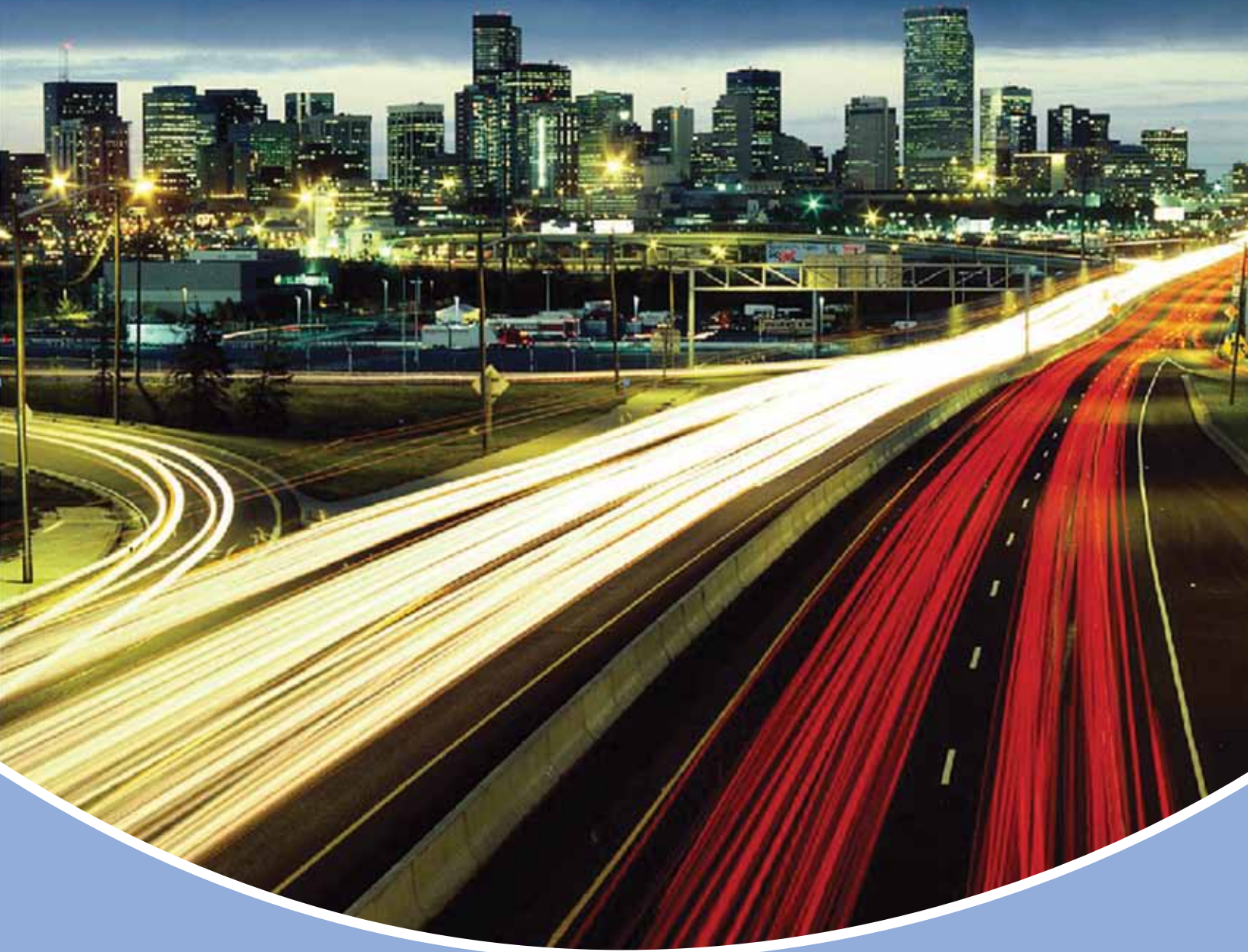


132 Commuter Transit and Parking Benefits Administration Solutions



POWERED BY  **myFlexResource**[™] **AMERICAN BENEFITS GROUP**

About American Benefits Group

American Benefits Group is a wholly owned subsidiary of National Financial Partners, (NYSE:NFP) a powerful, national partnership of over 180 owned and 350 affiliated independent corporate benefits consulting and diversified financial service firms that provide informed and innovative benefits strategies customized for over 40,000 employers of all sizes. As the national platform partner for NFP Benefits, American Benefits Group provides Flexible Spending Accounts, HRA, HSA, Section 132 Transit, and COBRA administrative services to the employer clients of NFP companies nationwide.

Unmatched Expertise

Our professional benefits administrative staff is knowledgeable in every aspect of employee benefits plan design, compliance and reimbursement account administration. All of our administration team members are professionally certified and receive continuous advanced training. With over 100 years of combined industry experience in Cafeteria Plans and Flexible Spending Accounts and Cobra administration, American Benefits Group's team is dedicated to sharing our expertise with you and your employees.

A Concierge and Boutique Service Model:

Every employer client works with a dedicated account services team that manages all aspects of their program from participant level services to enrollments, payments and claim processing. Your Plan Specialists pay careful attention to understanding the needs of your company, your participants and the scope of your plan. Our mission is to define a level of service that is unmatched in the industry today, and exceeds our client's expectations in every way. These include a steadfast commitment to these core competencies:

- Fast accurate claim processing within 24 hours of receipt
- Automated online enrollment and claims submission processes
- Extensive enrollment communications and participant educational support
- Real time personalized support during all normal business hours
- 800 customer service and claims fax lines
- Individualized service and expert plan administration
- Excellence in plan compliance

Section 132(f) History and Overview

In 1997, the IRS Code § 132(f)(4) was amended to provide that constructive receipt rules would not apply to employees who are given a choice between taxable compensation and certain excludable parking benefits. These regulations were later expanded to include mass transit and vanpooling arrangements by the Transportation Equity Act for the 21st Century (May 22, 1998). On January 27, 2000, the IRS published proposed Treasury Regulations describing how qualified transportation fringe benefits should work. On January 11, 2001, the IRS finalized the 2000 proposed regulations.

Both the proposed and final regulations are generally effective for taxable years beginning after December 31, 2001. One of the stipulations in the regulations was that a Section 132(f) Tax-Free Transportation Plan could not be administered under a cafeteria plan, but must be a separate program.

American Benefits Group Administration Services

Services Included in the Setup Fee

American Benefits Group provides the following services as part of the initial fee:

Electronic Employee information packages	Electronic Election and ACH authorization forms
Electronic Employee welcome letters	
Custom Web Site setup at myFlexResource.com	myFlexResource.com Reimbursement Card setup
Employee documents and administration materials	

Services Included in the Monthly Administration Fee

American Benefits Group provides the following services as part of your monthly administrative fee:

myFlexResource.com secure dedicated website for online account access, reporting and communication	Toll-free live customer service support and 800 claims fax lines
myFlexResource - Debit Reimbursement Card	
WiredCommute - Optional Online Transit Voucher Ordering and Fulfillment	Single Card integration with FSA or other accounts
Auto reimbursement option for recurring parking contract claims	
Online reports, forms, enrollment and communication materials	Online enrollment and account management for participants
Daily account balance maintenance	Dedicated plan administrator - account service manager
Comprehensive claims adjudication services	Full technical support

Qualified Mass Transit Expenses

Transit passes for mass transportation to and from work. Qualified amounts include costs of any pass, token, fare card, voucher or other item that entitles the employee to use mass transit for the purpose of traveling to or from their place of work.

The mass transit can be a public system or a private enterprise provided by a company/individual who is in the business of transporting people in a "commuter highway vehicle." Such a vehicle must have a seating capacity for six or more adults (not including the driver) and at least 80% of the vehicles' mileage must be from transporting employees to and from their place of work. Additionally, the vehicle must be carrying at least three passengers (not including the driver). Commuter highway vehicles may be owned or leased by an employer to be used by employees or a third-party provider for transportation purposes.

In 2008, Congress passed an amendment that expands commuter transit expenses to also allow monthly pre-tax benefit of \$20.00 for maintenance of a bicycle used for commuting purposes. Employers may reimburse employees, tax free, for "reasonable" expenses related to their bike commute, including equipment purchases, bike purchases, repairs and storage if the bicycle is used for a "substantial part" of the commuter's trip to work for the month. If you already receive another commuter tax-free fringe benefit (like Commuter Check or EcoPass), you don't qualify, so multi-model commuters are out of luck.

American Benefits Group offers nationwide service that includes every type of mass public transportation, including:

Transit Fare Cards: These are issued directly by the transit authorities, and include monthly passes and multi-ride tickets. These are often the most convenient to use, as participants can order them online through myFlexResource.com and have them mailed directly to their home. No waiting in line!

Transit Vouchers: These are used to pay the transit providers. There are several different brands of vouchers available in selected cities around the country, including Wired Commute's proprietary voucher, and TransitChek, currently available in Chicago, Philadelphia, Los Angeles and Sacramento.

Smart Cards: Several cities offer smart card programs. The most well-known examples include the Chicago Card Plus and the SmartTrip card in Washington, DC.



No Constructive Receipt

The regulations stipulate that no amount shall be included in the gross income of an employee solely because the employee may choose between any qualified transportation fringe and compensation which would otherwise be includible in such employee's gross income. This allows for Commuter Spending Accounts to be funded pre-tax salary elections. Any employer contributions towards the CSA benefit are also considered tax free up to the monthly limits.

Eligible Participants

Any individual considered to be in a legal employer-employee relationship with the Employer for Federal withholding tax purposes may participate in a CSA through the Section 132(f) Tax-Free Transportation Plan. Common law employees and officers of corporations are eligible (there is no non-discrimination requirement for the CSA benefit). Sole proprietors, partners, independent contractors, and S corporation shareholders are not eligible to participate in the Commuter Spending Account benefit.

About the myFlexResourceCard

American Benefits Group offers all clients a *myFlexResourceCard* debit card that allows employees to pay for eligible expenses at the point-of service with no out of pocket cost, and virtually eliminates claim forms.

Participants use the card to pay for eligible expenses at valid location, without having to wait for reimbursements! The card is linked directly to their individual account, and participants have 24/7 access to view their account balance, claims status and account activity through our participant web interface.

One single integrated card works for your Flexible Spending Account, Health Reimbursement Arrangement, Health Savings Account and your Transportation Benefit Plan. Our sophisticated technology allows us to automatically direct claims in correct benefit order to the appropriate account.

The Debit card is compliant with IRS rules and regulations, and all claims are adjudicated for eligibility. Through *myFlexResource.com*, a customized, dedicated, secure web portal for employer and individual participant account access, employees can manage all aspects of the account from anywhere they have Internet access.

WiredCommute – Online Commuter Pass Fulfillment Option

As an alternative to the Flex debit card payment system, American Benefits Group also is fully integrated with WiredCommute, the leading online CSA fulfillment service offering thousands of transit authorities and parking establishments. Access is provided through a seamless link within the participant account login screen.

WiredCommute is a fully compliant, cutting-edge, comprehensive program for Section 132(f) transportation benefits. A single sign-on via American Benefits Group's login provides participants access to WiredCommute's national network that includes more than 500 transit authorities and more than 9,000 parking locations. The system manages ordering of passes from transit agencies, fulfills individual orders to participants, and distributes them via USPS first class mail.

In most cities, participants will be required to purchase their transit passes through WiredCommute because of the IRS Readily Available Rule. The IRS Readily Available rule states that cash reimbursement for a transit pass (voucher) is not allowed when the pass is "readily available" to an employer for purchase. This rule only applies to transit passes and not to parking.



About myFlexResource

Our unique employer and employee web interface, *myFlexResource* provides a user, regardless of their role, a centrist view of information, whether the user is the employee, supervisor, manager, employer, human resource administrator, payroll processor, benefit consultant, third party administrator, plan service provider, insurance carrier or any person with appropriate access permissions and role authority. The site provides 24/7 access to all account service information. *myFlexResource* empowers employers and employees with integrated self service technology and communications tools that provide access information and perform essential account management functions 24 hours a day.

Paperless Online Enrollment System

It's time to go Green! Speed up your annual enrollment, eliminate paper, reduce the burden of open enrollment and increase participation results with our participant online enrollment portal and importation features. Employees can make their elections for all reimbursement accounts, setup their direct deposit reimbursement and order their *myFlexResource* debit card all within our secure participant interface.

Online Claim Filing

Participants can easily file their claims online through our participant portal website. Each online claim is assigned a unique claim number. The online claims form is bar coded so that a printed copy can be faxed with the participant's receipts, which instantly attached to the unique claim in our system for digital permanent storage.

Benefits of the Section 132(f) Tax-Free Transportation Plan

A Section 132(f) Tax-Free Transportation Plan benefits the employer in two ways: It saves money on payroll taxes and it improves the employer-employee relationship by allowing the employees to also save money.

With a Commuter Spending Account (CSA) employees do not have to pay Federal or FICA taxes for expenses qualified under a Section 132(f) Tax-Free Transportation Plan. In many states these benefits are exempt from state income tax as well. In addition, the employer does not have to pay the FICA match on all pre-tax contributions to a Commuter Spending Account.

Employees may elect up to \$125 per month pre-tax for qualified commuter transit expenses and \$240 per month for parking expenses. Employers today are looking for new ways to improve benefits with minimum or no cost. By providing a Section 132(f) Tax-Free Transportation Plan, the employer can provide a new benefit that will not cost the employer anything; in fact, it saves money for the employer!

In the example below, an employee with an annual pay of \$40,000 contributes \$240 a month (\$2,880 a year) into a CSA. As a result, the employee's taxable income goes down to \$37,120, which saves a projected \$1,032 in taxes. In other words, the employee has received a \$1,032 discount on the expenses they paid from the CSA saving nearly 40% on expenses they would have had to pay anyway.

How It Works

The Section 132(f) Commuter Spending Account (CSA) is similar to pre-tax flexible spending accounts available for medical and dependent care expenses. One important difference, however is that there is no "Use It or Lose It" penalty from year to year as is the case with Flexible Spending Accounts.

Annual Tax Savings Example	With a CSA	Without a CSA
If your taxable income is:	\$40,000	\$40,000
And you deposit this annual amount into a CSA:	-\$2,880	- \$0
Your taxable income is now:	\$37,120	\$40,000
Subtract Federal and Social Security taxes:	- \$14,848	- \$16,000
If you spend after-tax dollars for eligible expenses:	- \$0	- \$2,760
Your real spendable income is:	\$22,272	\$21,240
Your tax savings with a CSA is:	\$1,032	

Before the start of the plan year, individual employees elect to set aside a certain amount of pre-tax salary to cover qualified work related commuting costs for mass transit and parking. The employee will designate an amount of up to \$125 per month for commuter transit and up to \$240 per month for parking expenses. Separate reimbursement accounts are maintained for each category, and funds cannot be commingled or transferred between the two accounts.

Qualified Parking Expenses

Parking Expenses that can be paid with pre-tax dollars include the costs of (1) parking a vehicle in a facility that is near the employee's place of work, or (2) parking at a location from which the employee commutes to work (for example, the cost of parking in a lot at the train station so that the employee can continue his/her commute on the train).

American Benefits offers a Direct Pay parking network through WiredCommute with over 9000 participating parking providers. The employee can automatically be reimbursed from their CSA if they use providers who do not participate in the direct pay program. They may also use their *myFlexResource* debit card to pay parking providers, purchase parking vouchers online, or submit parking expenses for direct deposit reimbursement from American Benefits Group.



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