



# Commuter Tax\$ave Program

**Information for:**  
State Employees who are eligible for the  
State Health Benefits Program (SHBP)

## OVERVIEW

The New Jersey State Employees' Commuter Tax Savings Program (Commuter Tax\$ave), a benefit program authorized by P.L. 2011, c. 162 (Chapter 162) and available under Section 132(f) of the federal Internal Revenue Code (IRC), allows eligible employees to set aside before-tax dollars to pay for mass transit and commuter parking expenses, thereby avoiding federal taxes and saving money. An eligible employee is any employee of the State; a State college or university; the State Library; the Palisades Interstate Park Commission; the New Jersey Building Authority; or the Waterfront Commission of New York Harbor who is eligible to participate in the State Health Benefits Program (SHBP), except those part-time employees made eligible under P.L. 2003, c. 172 (Chapter 172). Commuter Tax\$ave consists of two separate component plans, and an eligible employee may elect to participate in one or both of the plans.

## PROGRAM BENEFITS

The two components of Commuter Tax\$ave are for mass transit expenses and commuter parking expenses.

For the 2020 calendar year, eligible employees may execute salary reduction agreements to have up to:

- \$270 per month (\$3,240 per year) deducted from salary to pay for mass transit costs (includes train, bus, ferry, and vanpool expenses); and/or

- \$270 per month (\$3,240 per year) to pay for parking at work or at park-and-ride sites.

Pre-tax monies deducted from salary are not subject to federal income taxes, Social Security taxes, or Medicare taxes. There is a minimum deduction of \$15 for either mass transit or parking deductions. There are no provisions for higher deductions on an after-tax basis.

Mass transit benefits can be used to pay for costs incurred by the employee for the purposes of commuting to and from work. Commuter parking benefits may only be used to pay for the participant's commuter parking expenses at or near their workplace or near a location from which the employee commutes to work and cannot be used for other purposes. In addition, Internal Revenue Service (IRS) rules require that mass transit benefits be delivered as tickets, payment cards, or vouchers that can only be used to purchase mass transit tickets. Parking benefits can be delivered as a payment card, voucher, or as a reimbursement of expenses.

Below are examples of how Commuter Tax\$ave works for you:

EMPLOYEE RIDES MASS TRANSIT USING PRE-TAX \$125 DEDUCTION PER MONTH		
	Without Pre-Tax Commuter Tax\$ave	With Pre-Tax Commuter Tax\$ave
Monthly Salary	\$3,750	\$3,750
Pre-Tax Commuter Tax\$ave for Mass Transit	\$0	-\$125
Salary Subject to Taxes	\$3,750	\$3,625
Estimated Taxes	-\$800	-\$762
Monthly Mass Transit Expense	-\$125	-\$0
Take-Home Pay	\$2,825	\$2,863
<b>Monthly Savings: \$38*</b>		
<b>Annual Savings: \$456*</b>		

*(Additional examples listed on page 2)*

\*Examples are based on an annual salary of \$45,000. Estimated Federal Taxes: 25 percent. Taxes exempted include: Federal Income, Social Security, and Medicare. Greater savings may result if your commuting costs are higher and/or you are in a higher federal income tax bracket. Lower deductibles may result in smaller savings and individual savings may vary. Consult your tax advisor.

<b>EMPLOYEE PARKS AND THEN RIDES MASS TRANSIT, USING PRE-TAX \$125 DEDUCTION PER MONTH FOR MASS TRANSIT AND PRE-TAX \$80 DEDUCTION FOR PARKING</b>		
	<b>Without Pre-Tax Commuter Tax\$ave</b>	<b>With Pre-Tax Commuter Tax\$ave</b>
Monthly Salary	\$3,750	\$3,750
Pre-Tax Commuter Tax\$ave for Mass Transit	\$0	-\$125
Pre-Tax Commuter Tax\$ave for Parking	\$0	-\$80
Salary Subject to Taxes	\$3,750	\$3,545
Estimated Taxes	-\$800	-\$737
Monthly Mass Transit Expense	-\$125	-\$0
Monthly Parking Expense	-\$80	-\$0
Take-Home Pay	\$2,745	\$2,808
		<b>Monthly Savings: \$63*</b>
		<b>Annual Savings: \$756*</b>

<b>EMPLOYEE USES PRE-TAX \$80 DEDUCTION PER MONTH FOR PARKING</b>		
	<b>Without Pre-Tax Commuter Tax\$ave</b>	<b>With Pre-Tax Commuter Tax\$ave</b>
Monthly Salary	\$3,750	\$3,750
Pre-Tax Commuter Tax\$ave for Parking	\$0	-\$80
Salary Subject to Taxes	\$3,750	\$3,670
Estimated Taxes	-\$800	-\$775
Monthly Parking Expense	-\$80	-\$0
Take-Home Pay	\$2,870	\$2,895
		<b>Monthly Savings: \$25*</b>
		<b>Annual Savings: \$300*</b>

## ENROLLMENT

Unlike the Section 125 portion of the State's Tax\$ave Program (Medical and/or Dependent Care Spending Accounts) that requires one annual election, the Commuter Tax\$ave Program allows an employee to opt in and out or change amounts on a monthly basis. Eligible employees may enroll in the program or end participation at any time during the year and may change deductions as often as they like during the year. Once enrolled, the employee remains enrolled for all subsequent months at the same level of participation until the employee makes a change to the deduction amounts or elects to end participation.

Commuter Tax\$ave benefits are provided by Edenred Commuter Benefit Solutions. An eligible employee enrolls by contacting Edenred directly, either by calling Customer Service at 1-866-512-8769 or online at: [www.commuterbenefits.com](http://www.commuterbenefits.com)

Upon enrollment, an employee's eligibility is confirmed with the employer who will arrange for payroll deductions to begin. Deductions for the benefit are taken from the first payroll check in the month. TransitChek will then process tickets, payment cards, or vouchers and mail them directly to the employee.

The total time required for processing before the benefit begins is approximately 45 days. The schedule for enrollments/changes during a typical year is shown in the following chart:

\*Examples are based on an annual salary of \$45,000. Estimated Federal Taxes: 25 percent. Taxes exempted include: Federal Income, Social Security, and Medicare. Greater savings may result if your commuting costs are higher and/or you are in a higher federal income tax bracket. Lower deductibles may result in smaller savings and individual savings may vary. Consult your tax advisor.

ENROLLMENT PERIOD	BENEFIT PERIOD
February 1 – February 29	April
March 1 – March 31	May
April 1 – April 30	June
May 1 – May 31	July
June 1 – June 30	August
July 1 – July 31	September
August 1 – August 31	October
September 1 – September 30	November
October 1 – October 31	December
November 1 – November 30	January
December 1 – December 31	February
January 1 – January 31	March

**Note:** the monthly deduction for the Commuter Tax\$ave Program will generally be taken from the first paycheck each month; however, there may be times when the deduction will be taken from the second paycheck of the month.

### “USE IT OR LOSE IT” PROVISION

Employee elections are irrevocable and, to avoid forfeiting benefit dollars, employees should carefully consider how much they want to set aside to cover their commuting expenses. The State is prohibited under federal tax regulations from processing refunds to employees who fail to fully utilize the benefit in a timely manner.

For employees who elect to receive the Commuter Card, it is important to realize that the stored value on the card is available for only as long as the employee remains an active participant of the program. If an employee cancels his or her participation in the program, any remaining balance on the card when the cancellation becomes effective is forfeited.

### SOCIAL SECURITY IMPLICATIONS

Since payments to the Commuter Tax\$ave Program lower annual earnings against which Social Security deductions are made, there is a concern that participation in these plans would result in reduced Social Security benefits at retirement.

If you were born after 1928, your Social Security benefits are calculated using a 35-year average of your earnings. A reduction of up to \$3,120 a year (based on the maximum pre-tax transit benefit cap) over some portion of this 35-year span would have little effect on your average salary and, therefore, minimal impact on your Social Security benefits. However, if you are concerned, you should call the Social Security Administration for further advice at 1-800-772-1213 or visit [www.ssa.gov](http://www.ssa.gov)

### ADDITIONAL INFORMATION

Additional information about the Commuter Tax\$ave Program is available from Edenred by calling 1-866-512-8769 or online at:

[www.commuterbenefits.com](http://www.commuterbenefits.com)

*This fact sheet has been produced and distributed by:*

**New Jersey Division of Pensions & Benefits  
P.O. Box 295, Trenton, NJ 08625-0295**

*(609) 292-7524*

*For the hearing impaired: TRS 711 (609) 292-6683*

**[www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)**