

**Transportation Fringe Benefit Plan
Plan Checklist**

DO NOT USE THIS CHECKLIST IN LIEU OF THE PLAN DOCUMENT.

1. Adopting Employer (Enter primary adopting Employer here. Enter other members of affiliated companies in item 15.)

2. Plan Name - The legal name of the Plan is:

3. Dates

a. Effective Date (Effective date of this document): ___/___/___

b. Adoption Date (date document is to be executed): ___/___/___

(If this field is left blank, it must be manually entered in the printed document.)

This Plan is a

c. New plan

d. Restatement of a plan originally effective: ___/___/___

4. Plan type

a. Pre-Tax Compensation Reduction Plan (100% Employee funded)

b. Giveaway Plan (100% Employer Funded)

c. Combination (Giveaway/Pre-Tax Compensation Reduction Plan)

Note: *Bicycle commuting reimbursements can only be offered as a pure giveaway plan, or as a pure giveaway portion of a plan that uses compensation reduction to fund all or a portion of other qualified transportation fringe benefits. If Qualified Bicycle Reimbursement is the only benefit, a Bicycle Commuting Expense Reimbursement Policy may be used in lieu of a Transportation Plan Document and Summary Plan Description (SPD).*

PART I. The following identifying information pertains to the Employer and the Plan and Trust:

1. Employer Address : _____

(City, State, Zip) _____

2. Employer Telephone : _____

3. Employer Tax ID : _____

4. Three Digit Plan Number : _____

13. Legal Organization of Employer :

- a. Sole Proprietorship
- b. Partnership
- c. C Corporation
- d. S Corporation
- e. Limited Liability Company (LLC)
- f. Limited Liability Partnership (LLP)
- g. Not for Profit Corporation
- h. Professional Service Corporation
- i. Medical Corporation
- j. Church or Government Plan (Exempt from ERISA)
- k. Other - Explain : _____

14. State of Legal Construction : _____

15. Related Employer:

(Complete only for those Related Employers that will be adopting the Plan. See Appendix A.)

- a. Related Employer :

16. Plan is administered by a Third Party Administrator:

- a. Yes, Plan is administered by Third Party Administrator (default)
- b. No, Plan is NOT administered by Third Party Administrator

PART II. Unless specifically provided to the contrary, only one selection may be made for each design category. Section references are relative to Plan Sections. Defined terms have the meanings provided in the Plan.

A. Eligibility and Entry Date Provisions

1. Eligible Employees - The Eligibility and Participation section of the document provides that all Employees, including Employees of certain related businesses and Leased Employees are eligible and including members of a collective bargaining unit and non-resident aliens. *(Select all applicable)*

- a. Exclude members of collective bargaining unit
- b. Exclude non-resident aliens
- c. Exclude Leased Employees
- d. Exclude part time Employees who regularly work less than ____ hours per week
- e. Exclude seasonal Employees who regularly work less than ____ months per year *(Not to exceed 6 months)*
- f. Other - Specify: _____ (Plan)
_____ (SPD)

NOTE: *Some individuals cannot be allowed to participate in a Qualified Transportation Plan under any circumstances, such as self-employed individuals (partners, sole proprietors, more-than-2% Subchapter S shareholders, and independent contractors), Leased Employees and PEOs, spouses and dependents.*

2. Eligibility Requirements - An Employee is eligible to participate in the Plan if he/she satisfies the following requirements: *(Select all applicable. Selecting more than one option means that an Employee must meet all indicated requirements for eligibility.)*

- a. No age or service required
- b. Minimum age of ____ years *(Not to exceed 21 years of age; partial years may be used.)*
- c. Minimum of ____ hours required during each week month for part-time Employees
- d. Minimum of ____ months per Plan Year for seasonal Employees *(Cannot exceed 6 months)*
- e. Minimum of ____ consecutive calendar days non-consecutive days, counting his/her employment Commencement Date as the first day
- h. Other - Specify: _____ (Plan)
_____ (SPD)

3. Entry Date - The Eligibility and Participation section of the document provides that an Employee who satisfies the eligibility requirements enters the Plan on the Entry Date. The Entry Date is:

- a. the date the eligibility requirements have been met.
- b. the first day of the next Period of Coverage* coinciding with or following the date the eligibility requirements have been met.
- c. the first day of the month coinciding with or following the date the eligibility requirements have been met.
- d. Other - Specify: _____ (Plan)
_____ (SPD)

*Period of Coverage is defined in Section Q.6 below.

4. First Plan Year Elections - Failure to file an Election Form/Compensation Reduction Agreement prior to the Entry Date for the first plan year, then the Employee:

- a. is considered to have elected **not** to participate for the initial Plan Year.
- b. may not elect any Benefits under the Plan until the next Period of Coverage.
- c. may not elect any Benefits under the Plan until the next Open Enrollment.
- d. Other - Specify: _____ (Plan)
_____ (SPD)

5. Subsequent Plan Year Elections - If an Eligible Employee fails to file an Election Form/Compensation Reduction Agreement for all subsequent Plan Years, then the Employee:

- a. is considered to have elected not to participate for the new Plan Year
- b. shall continue with same elections (automatic/evergreen) as prior year.*
- c. Other - Specify: _____ (Plan)
_____ (SPD)

NOTE: *Some state wage withholding laws may limit an employer's ability to initiate automatic and evergreen elections, based on wage withholding laws.

6. Period of Coverage - A period of coverage in which an Election Form/Compensation Reduction Agreement is in effect and irrevocable on the following frequency:

- a. Monthly (default)
- b. Quarterly
- c. Annually
- d. Other - Specify: _____ (Plan)
_____ (SPD)

NOTE: If elections are made semi-monthly, such as on the first and 15th days of the month, the excludable amount for each compensation reduction cannot exceed half of the applicable monthly limit. The regulations state only that "[e]ach month, the amount of the compensation reduction may not exceed the combined applicable statutory monthly limits for transportation in a commuter highway vehicle, transit passes, and qualified parking. Require employees to make their elections on a benefit-by-benefit basis (e.g., \$X per month for parking and \$Y per month for transit passes.)"

7. Election Changes - A Participant may change their election prospectively by submitting a new Election Form/Compensation Reduction Agreement before the first day of the Period of Coverage affected.

- a. No limit applied.
- b. Limit the number of changes allowed to ____ per Plan Year.
- c. Other - Specify: _____ (Plan)
_____ (SPD)

8. Treatment of Rehires - If a Participant terminates his/her employment for any reason, including, but not limited to, disability, retirement, layoff or voluntary resignation, and then is rehired then the Employee:

- a. must re-satisfy Plan eligibility requirements to rejoin the Plan or before becoming eligible to participate in the Plan (complete the waiting period).

- b. may rejoin the Plan without having to re-satisfy Plan eligibility requirements (complete the waiting period).
- c. Other - Specify: _____ (Plan)
_____ (SPD)

9. Participation Following Loss of Eligibility - If an Employee ceases to be an Eligible Employee for any reason other than for termination of employment, including, but not limited to, a reduction of hours, and then becomes an Eligible Employee again, the Employee: (Select one)

- a. must re-satisfy Plan eligibility requirements to rejoin the Plan or before becoming eligible to participate in the Plan (complete the waiting period).
- b. may rejoin the Plan without having to re-satisfy Plan eligibility requirements (complete the waiting period).
- c. Other - Specify: _____ (Plan)
_____ (SPD)

SAMPLE

B. Funding and Contribution

1. **Funding Method** - The transportation benefits will be funded by: (Select one)

- a. Pre-Tax Compensation Reduction (100% Employee funded. Skip to Q.3.)
- b. Giveaway (100% Employer Funded)
- c. Combination (Giveaway/Pre-Tax/Post-Tax Compensation Reduction)
- d. Other - Specify: _____ (Plan)
_____ (SPD)

Note: Pre-tax compensation reduction funding for bicycle commuting is not permitted—must be 100% Employer funded.

2. **Employer Contributions** - The Employer may contribute a portion of the Contributions as provided in the open enrollment materials furnished to Employees and/or on the Election Form/Compensation Reduction Agreement.

- a. All Participants receive the **same amount or percentage of contributions**
- b. The Employer will contribute \$_____ per Period of Coverage; i.e., monthly, quarterly, annually toward **Transit Passes Expenses**.
- c. The Employer will contribute \$_____ per Period of Coverage; i.e., monthly, quarterly, annually toward **Qualified Parking Expenses**.
- d. The Employer will contribute \$_____ per Period of Coverage; i.e., monthly, quarterly, annually toward **Commuter Highway Expenses**.
- e. The Employer will contribute \$_____ annually toward **Bicycle Commuting Expenses**.
- f. Participants will receive **matching contributions** equal to their amount of total compensation reductions for the Plan Year
- but not more than \$_____. (Check if matching contributions are limited.)
- g. Other - Specify: _____ (Plan)
_____ (SPD)

Note: Contributions not to exceed the statutory limit for parking expenses (\$230/month for 2010) and transit pass and vanpooling expenses combined (\$230/month for 2010). Bicycle commuting statutory limit is up to a maximum of \$240 per calendar year.

Compensation Definition - Compensation is defined as:

- h. Gross Compensation (Default)
- i. Base Compensation – Bonus and overtime excluded
- j. Other - Specify: _____

3. **Carryovers** - A plan may permit current participants to carry over unused amounts to buy transportation benefits in subsequent periods of coverage (or months).

- a. Carryovers permitted
- b. Carryovers not permitted

4. Funding Assets - Contribution and Reimbursement Assets are handled in the following manner:

- a. Amounts payable may be paid from the general assets of the Employer*.(Default)
- b. Other - Specify: _____ (Plan)
_____ (SPD)

Note: State escheat laws may apply if the transportation plan is not held in the general assets of the employer.

SAMPLE

C. Transportation Benefits Offered

1. **Available Transportation Benefits** - The Transportation Plan provides the following coverage options where a Participant may receive reimbursement for expenses incurred during a Period of Coverage, as limited by the Plan Coverage Options listed below: (Select all applicable)

- a. **Transit Passes Expenses:** Permits employees to pay for their share of expenses for mass-transit passes, vouchers, etc. for commuting to work on a pre-tax compensation reduction basis. (Expenses for transit passes are only reimbursable if vouchers or similar item are not readily available for distribution.)
- Transit Passes Exclusions (Appendix):

- b. **Transit Pass Vouchers:** Vouchers are readily available for direct distribution by the employer to the employee.

***NOTE:** Cash reimbursement is only available if vouchers are not readily available, which involves running detailed tests to determine whether vouchers are subject to certain restrictions. An employer cannot reimburse its employees for the transit passes that they buy on their own if exchangeable vouchers are readily available to the employer—the employer must distribute vouchers to its employees instead.*

- c. **Qualified Parking Expenses:** Permits employees to pay for their share of expenses for parking on or near the Employer's premises or at a location from which they commute to work on a pre-tax compensation reduction basis.
- Qualified Parking Exclusions (Appendix):

- d. **Commuter Highway Vehicle Transportation/Vanpooling Expenses:** Permits employees to pay for their share of vanpool expenses for commuting to work on a pre-tax compensation reduction basis.
- Vanpooling Exclusions (Appendix):

- e. **Bicycle Commuting Expense Reimbursements:** Permits employees commuting to work by bicycle to be reimbursed for reasonable expenses incurred during the calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.
- Qualified Parking Exclusions (Appendix):

2. **Maximum Annual Benefits** - The maximum annual benefits reimbursement for the Transportation Benefit is:

- a. Applicable Statutory Limits for each respective benefit (Default)

- b. Other \$____ (Not to exceed the Statutory Limits)

Note: The limit for parking is \$230 per month for 2010. The combined limit for transit passes and vanpooling expenses is the same as the limit for parking (\$230 per month) for 2010. These limits are subject to cost-of-living adjustments (if any) for future years, as announced by the IRS before the beginning of each calendar year. Bicycle commuting benefits are also subject to a statutory limit, but that limit is applied on an annual basis and gets no cost-of-living adjustment. The limit is determined by multiplying an employee's qualified bicycle commuting months during the calendar year times \$20 (up to a maximum benefit of \$240 per year).

SAMPLE

D. Other Administrative Provisions

1. **Plan Expenses** - All reasonable expenses incurred in administering the Plan are currently paid by:

- a. the Employer.
- b. both, the Employer and the participants' account balances.
- c. Other - Specify: _____ (Plan)
_____ (SPD)

2. **Appeals Procedure** - If a claim for reimbursement under this Plan is wholly or partially denied, the claim shall be administered in accordance with the claims procedure set forth below:

- a. Days until denial notice: ____ (must be 30 days or less)
- b. Days Employee has to request review: ____ (must be 180 days or greater)
- c. Other - Specify: _____

3. **Run-out Period** - Period following the end of each period of coverage (calendar month, quarter, year) during which the reimbursement claims must be submitted.

_____ days (Not to exceed 180 days after date incurred or paid)

*Note: A 180-day safe harbor period for transportation fringe benefit expenses is triggered by the date on which the expense is **paid** and not by the date on which the expense incurred; reimbursements may be made when the expenses are paid or incurred. A more conservative solution might be to have run-out periods of 60 days or so following the end of each calendar quarter, so that the plan will meet the 180-day safe harbor without having to track the precise date on which each expense is paid.*

4. **Forfeitures** - All forfeitures under this Plan shall be used as follows:

- a. To offset losses, administration of the Plan or use toward Benefits for subsequent Plan Years.
- b. Other - Specify: _____ (Plan)
_____ (SPD)

Note: If the plan is "funded" (i.e., the monies are held in separate accounts for participants) as opposed to "unfunded" (where amounts remain in the employer's general assets), state laws (e.g., escheat laws) must be taken into account.

5. **Debit Card Availability** - MCC-restricted debit card, stored value card, or credit card that allows a Participant to access funds in a reimbursement account to pay the service provider at the point of sale.

- Debit card is offered (Leave blank if not available.)