

Seattle Commuter Benefit Ordinance Toolkit



Ready to get started?

Call us at 800.531.2828 or [click here](#) to book a 15 minute call.

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Contents

What are Commuter Benefits? 3

What is the Seattle Commuter Benefit Ordinance? 5

Complying with the Ordinance 6

Frequently Asked Questions. 7

Choosing the Right Partner 9

Who is Commuter Benefit Solutions? 10

Programs & Product Offerings. 11

Getting Started 12



What are Commuter Benefits?

What are Commuter Benefits?

The commuter benefit is a tax-free fringe benefit, authorized by the Internal Revenue Code 132(f), that allows your smart working employees to pay for certain commuting costs using pre-tax money.

Savings All Around

► Good for You

- 7.65% average payroll tax savings
- Employee online & telephone ordering
- Employer payroll reporting

► Good for Your Employees

- Up to 40% savings on commuting expenses
- Easy online & telephone ordering
- Direct to participant fulfillment
- Improved employee morale and lower absenteeism

► Good for the Environment

Employees that switch from driving to taking public transportation can reduce their carbon dioxide emissions by up to 20 pounds a day and 4,800 a year!

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What are considered eligible commuting expenses?

The pre-tax commuter benefit covers transit, parking, and vanpool and ridesharing costs, including:

- Transportation to or from work via subway, train, bus, or ferry
- Parking at or near the office at meters, garages, or lots
- Parking at a commuter lot where commuters transfer to mass transit
- Vanpool fees
- Ridesharing fees with UberPool and Lyft Shared*

How do companies save?

Let's say Company X has a total of 1,000 employees and a 30% participation rate of the transit benefit.

Company X ends up saving \$6,075 each month on payroll taxes, which adds up to \$72,900 a year! Double that amount if the employee takes advantage of BOTH transit and parking benefits.

And the savings will grow as more employees take advantage of the benefit.

[Click here](#) to estimate your savings.

How do employees save?

Here's an example:

An employee makes \$55,000 a year. They spend \$270 on their monthly train pass, and they buy 12 monthly passes each year. Since the pass is paid for pre-tax, the taxable income after federal income taxes will be reduced to \$40,372, which means a savings of approximately \$700* for the year.

Without Commuter		With Commuter	
Gross annual pay (estimate)	\$55,000	Gross annual pay (estimate)	\$55,000
Estimated tax rate (22%)	-\$12,100	Maximum annual commuter account contributions	-\$3,240
Net annual pay	=\$42,900	Adjusted gross annual pay	=\$51,760
Estimated annual commuting expenses*	-\$3,240	Estimated tax rate (22%)	-\$11,388
Final annual pay	=\$39,660	Final annual pay	=\$40,372
You take home this much more annually: \$712			

*Qualified uberPOOL and Lyft Line rides apply to vehicles with a seat capacity of at least 6 more adults (not including the driver).

*Estimated employee savings are for informational purposes only and are based upon monthly pre-tax deductions of \$270 for the 2020 tax year. Individual savings may vary based upon income, individual tax rates, state of residence and other factors. Please consult your tax advisor.

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What is the Seattle Commuter Benefit Ordinance?

What is a Commuter Benefit Ordinance?

A commuter benefit ordinance is a policy enacted by a municipality requiring employers to offer a **pre-tax transportation benefit** to their employees.

The Seattle Commuter Benefit Ordinance excludes tax-exempt organizations and applies to all other employers with 20 or more employees. Eligible employees must work an average of 10 hours or more per week.

What types of transportation are included as part of the commuter benefit?

- Bus
- Light Rail
- Ferry
- Water Taxi
- Vanpool
- Car Sharing / Hailing*

What types of transit products are available?

- Prepaid Debit Card
- Smart Cards
- Transit Passes
- Direct Pay
- Cash Reimbursement
- and more!

*We are partnered with UberPool, Lyft Shared and Via to name a few. These services are qualified expenses when purchased with your commuter benefits prepaid debit card.

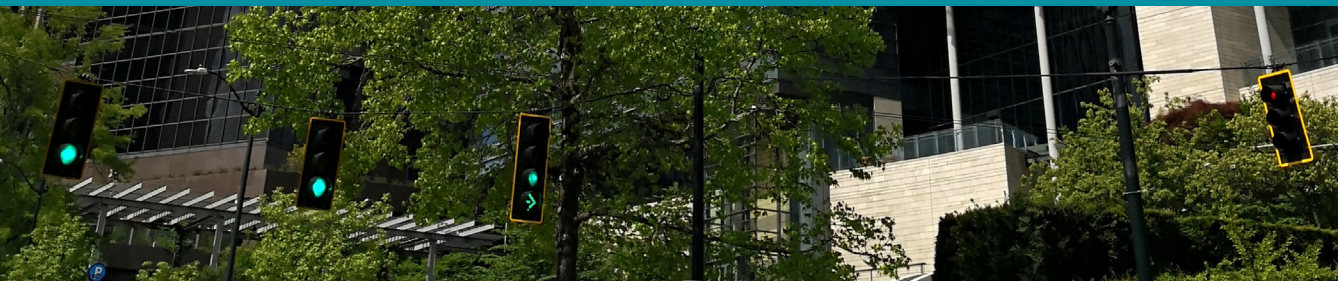
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Rules and Information for Compliance



Complying with Federal laws and policies is a snap when working with the right people.

The IRS has a complex set of rules and regulations that must be adhered to. We recommend using a provider with a long history of success in managing a commuter benefit program while maintaining a strict policy to be compliant if Federal laws.

Here are a few things to be aware of:

- Employer's offering transit benefits can not administer this program by reimbursing employees with cash or payroll deposits. The IRS (Rev. Rul. 20014-32) states that employer provided transit benefit programs **can not include cash reimbursement**. Providers that offer reimbursements via cash or payroll deposits are **non-compliant** and put employers at risk for back taxes and penalties.
- Additionally, providers that allow employees to link personal credit or debit cards to identify qualified eligible expenses are offering a form of cash reimbursement resulting in non-compliance of the transit benefit. Fare media cards like smart cards and dedicated transit or parking debit cards are required to limit spending to qualified pre-tax choices only. Personal credit/debit cards are not restricted in that way.
- To protect yourself and your employees from potential back taxes or penalties, choose qualified third party or benefit providers when implementing a transit benefit program. Is the easiest way to ensure you are compliant with IRS rules.

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Frequently Asked Questions

Are there any exemptions?

Governmental entities and tax-exempt organizations are exempted from this Commuter Benefit Ordinance.

When will this go into effect?

The Seattle Commuter Benefit Ordinance will go into effect on January 1, 2020. Any company found in violation of the ordinance after January 1, 2020 will have 90 days to comply with the ordinance before any penalties are imposed.

What is the penalty for failing to comply?

The penalty for failing to comply to this ordinance will be a fine of \$500 per month.

Are the penalties per company or per employee?

Penalties are imposed per company.

Employers have 90 days to fix violations before penalties are imposed? How does that work?

If your company is fined for failing to comply with the Seattle Commuter Benefit Ordinance, you will have 90 days to comply in order to avoid the penalty.

Do my employees have to be residents of Seattle to qualify for the benefit?

No, they just have to work in the city of Seattle.

Can I offer commuter benefits to employees working less than 10 hours per week?

Yes, you can.

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What happens if a company doesn't comply within that 90-day window?

Any company that doesn't comply during the 90-day violation window will be charged with a subsequent violation and will have to pay an additional \$500 penalty every 30 days until compliance is completed.

Who will enforce the Seattle Commuter Benefit Ordinance?

The [Seattle Office of Labor Standards](#) will enforce the legislation.

My business is headquartered outside of Seattle but I have employees who work in Seattle. Does the ordinance still apply?

Regardless of the headquartered location, if you have 20 or more employees overall, then yes, the ordinance applies to your company, even if there is only one Seattle employee.

What if an employee doesn't want the benefit?

If employees don't want to take advantage of saving on their commuting costs with commuter benefits, that is their choice. As long as you offer a commuter benefit program and keep records of who does and does not wish to participate, you are in compliance with the law.

What if my company is a non-profit?

Non-profit companies are exempt from the ordinance.

What do I have to do to show I'm in compliance?

Option 1: In-House Management

- Notify each employee in writing that the benefit is available.
- Written proof/confirmation from every employee that they have been given the opportunity to participate.
- Maintain detailed records of employees that have either opted in to the program or declined to participate.

Option 2: Commuter Benefit Provider (recommended)

Partner with an experienced commuter benefit provider who will guide you through every step of the process of implementing a successful commuter benefit program to comply with Seattle's mandate.

Ready to get started?

Call us at 800.531.2828 or [click here](#) to book a 15 minute call.



Choosing the Right Partner

Why should you choose Commuter Benefit Solutions to help you comply?

We live and breathe commuter benefits!



Easy Online Administration



In-house Customer Service



Programs for Companies of All Sizes



Direct Employee Delivery

Check out our [comparison chart](#) to see how we stack up against the competition.

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Who is Commuter Benefit Solutions?

We are the industry experts!

Edenred Commuter Benefit Solutions (ECBS) is the nation's only comprehensive commuter benefit solutions provider and number one resource for commuter savings. Since 1985, ECBS has served Fortune 100 and Fortune 500 companies, top third party benefit administrators and small to medium sized businesses nationwide. ECBS currently manages the commuter programs for 3 of the nation's largest metropolitan area transit authorities in Boston, Philadelphia and Chicago.

We serve more than 12,000 employers representing over 9 million employees. We also maintain partnerships with over 50 national third-party administrators, more than 350 transit agencies and over 5,000 parking locations.

Edenred Commuter Benefit Solutions has a **strong core focus** on managing and delivering both employer and employee-based **commuter pre-tax benefits** programs. We provide extensive support, including dedicated account managers, nationwide coverage, convenient product delivery, and a complete suite of support services.

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Programs & Product Offerings

Commuter Benefit Programs

We offer a wide range of employer-based solutions that provide the flexibility you need while staying within your budget. Discover which program is ideally suited for you.

Products

Based on the commuter benefits program you select, employees have the choice to redeem vouchers, use our prepaid card, electronically reload Smart Cards, or directly receive the transit and bus passes they already use.

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Getting Started

Ready to get started? Commuter Benefit Solutions makes complying with the Seattle Commuter Benefit Ordinance a breeze! We can get you up and running in just 4 easy steps.

1. Get a quote.

Give us a call at 800.531.2828 or [click here](#) to book a 15 minute call.

2. Sign up and complete registration.

Once our helpful sales team signs your company up, you complete the registration process on our online platform.

3. Upload your eligibility roster.

Upload your list of employees into the system, so they can create their own accounts and start ordering their commuting products.

4. Pass out our sign up guide.

Our custom-made sign up guide takes you out of the mix by walking employees through creating their user accounts and selecting their monthly benefit elections. We also offer email communications, welcome letters, and how-to-videos that will walk your employees through the registration and ordering process step-by-step.

Ready to get started?

Click the link below to set up a quick call.

[Book a 15 Minute Call](#)

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265 Winter Street 3rd Floor
Waltham, MA 02451

800.531.2828
sales@commuterbenefits.com

www.commuterbenefits.com