



# *SmartBenefits*<sup>®</sup>

IRS requirement for the separation of  
transit and parking benefits

November 2009



Dates and processes in this presentation are subject to change.



# Overview

- SmartBenefits<sup>®</sup>
- IRS Requirement
- SmartBenefits<sup>®</sup> Today (thru 12-31-2009)
- SmartBenefits<sup>®</sup> Changes
- Employee Process



# SmartBenefits<sup>®</sup> Program

Web based commuter benefits program that uses the SmartTrip<sup>®</sup> platform to assign employees' monthly transit and Metro parking benefits.





# Internal Revenue Bulletin

## Rev. Rul. 2006-57

### November 20, 2006

- SmartBenefits<sup>®</sup> program changes are being made to comply with IRS ruling to better control the allocation of transit and parking benefits.
- January 1, 2010 – effective date



# *SmartBenefits*<sup>®</sup>

Today

Thru 12-31-2009

Transaction	Process
Assign benefits:	Employer assigns transit and/or parking benefit(s)
Load benefits:	Employee preclaims entire monthly benefit at station vendor - SmarTrip <sup>®</sup> card maximum \$300
Use benefits:	Transit and parking expenses paid from card balance
Monthly reconciliation:	Unclaimed benefits from vendor are credited to employer
	Claimed but unused benefits accumulate on the card



# *SmartBenefits*<sup>®</sup> Changes



## SmarTrip<sup>®</sup> Compartments

- transit benefit
- parking benefit
- personal stored value



# SmarTrip<sup>®</sup> Options

A graphic titled 'SmarTrip Options' featuring three yellow boxes with black text, set against a background of stylized blue and green buildings and a white train. The boxes are separated by vertical yellow lines. The first box on the left contains the text 'PERSONAL (STORED VALUE) PURSE \$300'. The middle box contains 'TRANSIT BENEFIT PURSE \$230'. The third box on the right contains 'PARKING BENEFIT PURSE \$230'. At the bottom of the graphic is the 'M metro SmarTrip' logo.

PERSONAL  
(STORED VALUE)  
PURSE  
\$300

TRANSIT  
BENEFIT  
PURSE  
\$230

PARKING  
BENEFIT  
PURSE  
\$230

**M** metro SmarTrip<sup>®</sup>

• IRS Limit

• IRS Limit



# New **SmartBenefits**<sup>®</sup> Process

	Process
Assign benefits:	Employer assigns transit and/or parking benefit(s)
Access benefits:	New monthly benefits reset automatically with tap of card to any SmarTrip <sup>®</sup> target
Use benefits:	Benefits claimed as used – (rather than preclaiming entire amount)
	Transit and parking benefits in separate restricted accounts (cannot be used interchangeably)
Monthly reconciliation:	Transit and parking benefits reset to maximum monthly amount authorized by employer
	Unclaimed benefits credited to employer
	Personal stored value balance accumulates on the card



# SmarTrip® Fare Example 1

- A. Value available \$7
  - \$5 stored value
  - \$2 transit benefit
  
- B. \$4 Metrorail fare



- C. Payment: \$2 from transit / \$2 from stored value = \$4
- D. Remaining value on card: \$3 stored value



# SmarTrip<sup>®</sup> Fare Example 2



- A. Value available \$51  
\$0 stored value  
\$50 transit benefit  
\$1 parking benefit

- B. Commuting Costs \$7  
\$3 Metrorail fare  
\$4 Metro parking

C. Payment: \$3 from transit, customer must add \$3 to card to cover full parking fee

D. Remaining value on card: \$47 transit



# SmarTrip<sup>®</sup> Fare Example 3



A. Value available \$125  
\$75 stored value  
\$50 transit benefit

B. \$1.25 DASH bus fare

C. Payment: \$1.25 from transit

D. Remaining value on card: \$48.75 transit, \$75 stored



# Key Changes for Employees Values on SmarTrip®

- Transit benefits for bus and rail ONLY
- Parking benefits for Metro parking ONLY
- Personal stored value for transit or parking
- Stored value will accumulate and remain on the card
- Unused benefits **DO NOT** accumulate on card
- Unused benefits are credited back to employer
- **NEW** monthly benefits will be made available in the benefit accounts when the card is presented to any SmarTrip® target



# Employee Preparation

**Q:** Will employees need a new SmarTrip<sup>®</sup> card?

**A:** **No.** Present enrolled card to SmarTrip<sup>®</sup> target in December to prepare for:

- New card format: bus farebox or Passes/Farecards machine
- January benefit: any SmarTrip<sup>®</sup> target





# Employee Preparation

- Benefits **WILL NOT** reside on the SmarTrip® card
- An account will be established for transit and/or parking benefits
- Transit fare or parking fee will be deducted from your benefit account when the SmarTrip® card is presented to the target for payment
- Payments are deducted from benefit accounts first; when funds are no longer available in the account, payments are pulled from the stored value purse
- Any remaining benefits in your account at the close of the month are credited back to employer
- Any personal funds added go into personal stored value purse – these funds accumulate on the card



# Van pools/Transit Services

Employees that allocate 100% of benefits to van pools, independent bus systems, MetroAccess and other transit services will not be included in the January conversion process because the allocation does not run through the SmarTrip<sup>®</sup> card.

If a portion of the benefit is for Metrorail use, it can be claimed at any Passes/Farecards machine. Follow the current SmartBenefits<sup>®</sup> claiming process.



# SmarTrip<sup>®</sup> Systems

- Metrorail
- Metrobus
- ART
- CUE
- DASH
- DC Circulator
- Fairfax Connector
- Loudoun County Transit
- PRTC OmniRide
- Ride On
- TheBus





# Summary

1. Transit and Metro parking benefits are not transferable
2. Employees - review allocation to reduce unused benefits
3. Transit fare or parking fee is deducted from benefit account when the SmarTrip® card is presented to target for payment
4. Balance on card December 31, 2009, will remain on the card in the stored value purse
5. **NEW** SmarTrip® website - January 2010: View benefit allocation(s) and balance
6. Only the stored value balance will appear on faregate, farebox and vendor



# SmartBenefits<sup>®</sup>



Thank you

Office of Marketing  
202-962-1326 - Option 3  
MetroOpensDoors.com