

# Pre-Tax Parking Deduction Plan

This brochure is intended to provide highlights of the California State University (CSU) Pre-Tax Parking Deduction Plan. Pre-tax parking plans are governed by rules set by the Internal Revenue Service (IRS) and supersede this brochure in the event of any discrepancy. If you have questions about the Plan, please contact your campus Human Resources Office.

## OVERVIEW

The CSU Pre-Tax Parking Deduction Plan allows you to pay for CSU parking expenses with pre-tax dollars. This pre-tax benefit is available only through payroll deduction for qualified parking as defined by the IRS and established by your campus (e.g., CSU owned, leased or contracted parking facility). If you are eligible, participation in the Plan is automatic unless you choose otherwise. Deductions are taken from your pay before federal, state, Social Security, and Medicare taxes are calculated. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced.

The CSU Pre-Tax Parking Deduction Plan will have no impact on your CalPERS retirement or on any other CSU-paid benefit. However, depending on your salary, your Social Security benefits at retirement may be reduced slightly, because you will have paid Social Security taxes on a lower wage. (For more information, you may wish to consult your tax advisor or financial planner.)

## ELIGIBLE EMPLOYEES

You are eligible to participate in the CSU Pre-Tax Parking Deduction Plan if you are in an Executive, Management Personnel Plan (MPP), Confidential or other nonrepresented position, or are covered by a collective bargaining agreement that provides the benefit. You must be in a position that can participate in the Plan through payroll deduction.

## ENROLLMENT AND EFFECTIVE DATE OF PARTICIPATION

New employees are automatically enrolled in the CSU Pre-Tax Parking Deduction Plan. Participation will be effective the first day of the month following your appointment. Your participation will continue from pay period to pay period until you terminate participation or separate from

CSU employment. If you choose not to participate when hired or at any time after enrolled, you must complete and submit a CSU Pre-Tax Parking Deduction Election Authorization form to your campus Human Resources Office to disenroll and pay for parking through after-tax payroll deduction. (Please contact your campus Human Resources Office for more information.)

## CHANGE IN ELECTION

You may change your election to participate in the Plan at any time. All changes must be prospective. If you decide to discontinue or resume participation, you must complete and submit a CSU Pre-Tax Parking Deduction Election Authorization form to your campus Human Resources Office. The change will become effective on the first of the month following your change in election subject to campus and State Controller's Office (SCO) processing timelines.

## ELIGIBLE EXPENSES

The IRS limits qualified parking expenses to parking at or near your work location or at a location from which you commute to work by carpool. The CSU Plan allows a pre-tax benefit only for qualified parking paid for by you through payroll deduction. Not all parking expenses allowed under the IRS rules may be eligible through payroll deduction as prescribed by campus policy and the SCO.

## AMOUNT YOU CAN CONTRIBUTE

For 2008, IRS Code Section 132(f) limits the amount of qualified parking that may be excluded from your taxable income to \$220 per month for a pre-tax parking deduction. This limit may be adjusted annually to reflect cost of living increases. Any amount of parking deduction in excess of \$220 will be paid with after-tax dollars.