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### **TransitChek Program Options**

You can choose to offer TransitChek as a pretax payroll deduction, an employer-paid benefit, or a combination of the two. There are also different ways to implement the pretax program. After you decide which option is most appropriate for your company, follow the instructions below for each option.

- > **Option A:** Take pretax payroll deductions for TransitChek from an employee's salary.
- > **Option B:** Offer TransitChek as an employer-paid benefit.
- > **Option C:** Use a combination of A and B ("Share the Fare").

### **Here are some general tips to keep in mind:**

- > Regardless of which option is used, the maximum monthly TransitChek benefit is \$230 per month (established by IRS regulation 132f).
- > Different participation levels are possible using the various available denominations. To keep your program simple to administer, you may not want to offer every possible denomination. Consider limiting the options before raising employee expectations and creating an administrative challenge.
- > If using the pretax payroll deduction option (Options A and C), you may also want to limit the frequency with which employees can change their salary reduction level by having an open enrollment period quarterly or semiannually.
- > After deciding on an option, determine the number of TransitCheks needed. You can calculate this based on the number of participating employees and voucher denominations multiplied by the number of months your order will cover. Ordering extra TransitCheks is advised, as ridership often increases with program implementation; employee turnover must also be accounted for.
- > TransitCheks are valid for 13 months from the date of issue.
- > If you have employees that ride PATCO, you can opt to provide them with TransitChek vouchers or have their FREEDOM Cards loaded with TransitChek benefits. (Employers need to collect FREEDOM Card serial numbers of their employees to do this. This is a preferred method as employees can only redeem TransitCheks vouchers for FREEDOM Cards in one of two ways: 1. in person at the Broadway station or 2. by mailing TransitCheks to PATCO.)
- > To save time and handling costs, consider ordering a three-month or six-month supply. Remember, vouchers are good for 13 months from the date of issue.

***Need further information? Please contact a TransitChek representative at the Delaware Valley Regional Planning Commission at 215-592-1800 or visit [www.GetTransitChek.org](http://www.GetTransitChek.org).***



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### ***TransitChek Program Option A: Employee paid through pretax deductions from employee salary***

This option allows TransitChek to be provided at virtually no cost to employers, while reducing employee taxes dramatically. Employers and employees save! Implemented via payroll deduction, this option works easily with most of the automated payroll systems that large employers use. All employers (including nonprofit and governmental agencies) realize payroll tax savings. In addition, for-profit employers may deduct the entire cost of the program as a business expense.\*

- > ***Tell your employees about TransitChek and solicit enrollment.*** Allow them to choose how much they want to deduct from their salary (up to \$230 per month/\$2,760 per year) and which denomination(s) they want. You may wish to limit the number of denominations that you offer to keep administration simple. A sample form for employees to authorize salary deductions is available.
- > ***Tabulate quantities and denominations.*** Determine the number of TransitCheks for each denomination you'll need to order (see tip above). If you wish to upload the PATCO FREEDOM Card benefits electronically, collect your employees' FREEDOM Card serial numbers and the amounts they wish to have uploaded.
- > ***Establish a payroll deduction code for TransitCheks and arrange for payroll deduction processing.*** No special record keeping or reporting is required; you only need to satisfy your internal office procedures. The deducted amounts can appear on employee pay stubs and on annual W-2 forms in Box 14 as nontaxable compensation. You can use the heading "TransitChek" if needed.
- > ***Order the TransitCheks.*** Use the order form to purchase TransitCheks and FREEDOM Card loads. Submit the form and a hard copy of the PATCO FREEDOM Card spreadsheet with your advance payment. Remember to email the PATCO FREEDOM Card spreadsheet in advance of sending your order.
- > ***To make reordering easy, timely reminders are sent out on a quarterly, semiannually, or annually.*** See order form for details.
- > ***Distribute TransitCheks to employees.*** TransitCheks can be distributed to employees at an established location or via hand delivery by an assigned staff person. Just as you would not leave paychecks in open mailboxes, it is best to distribute TransitCheks in a manner that ensures that the employee will receive them. You may wish (but are not required) to have employees sign a receipt for TransitCheks.
- > ***Redeeming TransitCheks.*** The easiest part of the program is that once employees receive their TransitCheks, they purchase their own transit passes and tickets (or in the case of the PATCO FREEDOM Card, the benefit goes to your employees electronically). You avoid handling any fare materials! Your first shipment will include employee instruction sheets that outline how to redeem TransitCheks. Additional copies are available upon request.



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**TransitChek Program Option A (cont):**

> **Update your personnel policy handbook.** Let employees know how to participate in the program. Include a description of the program in the handbook and even on appropriate bulletin boards.

**You may wish to include:**

- The contact person at your company
  - A listing of available TransitChek denominations
  - How new employees can participate in the program
  - How to change the amount employees receive
  - How and where employees can redeem TransitCheks
  - Local customer service phone numbers at participating transit agencies
  - Information on the availability of electronic uploads for PATCO FREEDOM Cards
- > Save copies of your TransitChek order forms/invoice notices. The processing fees and shipping charges can be deducted as a business expense.\* Purchase receipts are the only documentation that the IRS currently requires for employers.

\* Please consult your accountant or tax attorney for details.



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### **TransitChek Program Option B: TransitChek as an employer-paid benefit**

The employer-paid benefit approach is a very tax-efficient way to enhance employee compensation and boost your benefits package. Under this option, TransitCheks are paid for by employers and given to employees.

- > **Decide how much to give.** The IRS allows you to provide up to \$230/month (\$2,760/year) to each employee in transit benefits.
- > **Tabulate quantities and denominations.** Determine the number of TransitCheks for each denomination and collect FREEDOM Card serial numbers if you wish to load the benefit electronically for PATCO riders. As employees are not “charged” for TransitCheks under this option, transit usage will quickly grow, so a “high side” estimate is best for your first order.
- > **Order the TransitCheks.** Use the order form to purchase TransitCheks and FREEDOM Card loads. Submit the form and a hard copy of the PATCO FREEDOM Card spreadsheet with your advance payment. Remember to email the PATCO FREEDOM Card spreadsheet in advance of sending your order.
- > **Distribute TransitCheks to employees.** TransitCheks can be distributed to employees at an established location or via hand delivery by an assigned staff person. Just as you would not leave paychecks in open mailboxes, it is best to distribute TransitCheks in a manner that ensures that the employee will receive them. You may wish (but are not required) to have employees sign a receipt for TransitCheks.
- > **Redeeming TransitCheks.** The easiest part of the program is that once employees receive their TransitCheks, they purchase their own transit passes and tickets (or in the case of the PATCO FREEDOM Card, the benefit goes to your employees electronically). You avoid handling any fare materials! Your first shipment will include employee instruction sheets that outline how to redeem TransitCheks. Additional copies are available upon request.
- > **Update your personnel policy handbook.** Let employees know how to participate in the program. Include a description of the program in the handbook and even on appropriate bulletin boards.  
**You may wish to include:**
  - The contact person at your company
  - A listing of available TransitChek denominations
  - How new employees can participate in the program
  - How to change the amount employees receive
  - How and where employees can redeem TransitCheks
  - Local customer service phone numbers at participating transit agencies
  - Information on the availability of electronic uploads for PATCO FREEDOM Cards
- > Save copies of your TransitChek order forms/invoice notices. The processing fees and shipping charges can be deducted as a business expense.\* Purchase receipts are the only documentation that the IRS currently requires for employers.

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***TransitChek Program Option C: Combination of employee pretax salary deduction and employer-provided benefit (Share the Fare)***

With this option, the employer gives a portion of TransitChek as a benefit, and employees pay the balance with pretax payroll deductions.

- > ***Tell your employees about TransitChek and decide how much the company will offer as a benefit to each employee.*** Then, allow them to choose how much of the difference (up to the maximum \$230 per month/\$2,760 per year) they would like to deduct in pretax dollars from their salary. The employee share can be treated as a required copayment if desired.
- > ***Tabulate quantities and denominations.*** Determine the number of TransitCheks for each denomination that you'll need to order and collect FREEDOM Card serial numbers if you wish to load the benefit electronically for PATCO riders (see tip above).
- > ***Establish a payroll deduction code for TransitCheks and arrange for payroll deduction processing.*** No special record keeping or reporting is required; you only need to satisfy your internal office procedures. The deducted amounts can appear on employee pay stubs and on annual W-2 forms in Box 14 as nontaxable compensation. You can use the heading "TransitChek" if needed.
- > ***Order the TransitCheks.*** Use the order form to purchase TransitCheks and FREEDOM Card loads. Submit the form and a hard copy of the PATCO FREEDOM Card spreadsheet with your advance payment. Remember to email the PATCO FREEDOM Card spreadsheet in advance of sending your order.
- > ***Distribute TransitCheks to employees.*** TransitCheks can be distributed to employees at an established location or via hand delivery by an assigned staff person. Just as you would not leave paychecks in open mailboxes, it is best to distribute TransitCheks in a manner that ensures that the employee will receive them. You may wish (but are not required) to have employees sign a receipt for TransitCheks.
- > ***Redeeming TransitCheks.*** The easiest part of the program is that once employees receive their TransitCheks, they purchase their own transit passes and tickets (or in the case of the PATCO FREEDOM Card, the benefit goes to your employees electronically). You avoid handling any fare materials! Your first shipment will include employee instruction sheets that outline how to redeem TransitCheks. Additional copies are available upon request.



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**TransitChek Program Option C (cont):**

> **Update your personnel policy handbook.** Let employees know how to participate in the program. Include a description of the program in the handbook and even on appropriate bulletin boards.

**You may wish to include:**

- The contact person at your company
- A listing of available TransitChek denominations
- How new employees can participate in the program
- How to change the amount employees receive
- How and where employees can redeem TransitCheks
- Local customer service phone numbers at participating transit agencies
- Information on the availability of electronic uploads for PATCO FREEDOM Cards

> **Save copies of your TransitChek order forms/invoice notices.** The processing fees and shipping charges can be deducted as a business expense.\* Purchase receipts are the only documentation that the IRS currently requires for employers.

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