



QUALIFIED MASS TRANSPORTATION EXPENSE PLAN

QUESTIONS & ANSWERS

Please refer to the enclosed Summary of Plan Provisions for specific information about the Qualified Mass Transportation Expense Plan.

HOW DOES THE QUALIFIED MASS TRANSPORTATION EXPENSE PLAN WORK?

Transportation related reimbursement programs are different from the other “traditional” benefit programs that may be offered to you. The Qualified Mass Transportation Expense Plan is not required to operate under a specific “plan year” concept with an “open enrollment” period, rather, it operates on a monthly basis. All elections, deposits and reimbursements are calculated and recorded on a monthly basis, and each month is seen as a separate period of time from all other months in which you participate.

WHAT TYPES OF REIMBURSEMENT ACCOUNTS ARE AVAILABLE?

You have available to you a **Qualified Mass Transportation Reimbursement Account**.

WHAT IS THE TRANSPORTATION REIMBURSEMENT ACCOUNT?

The Transportation Reimbursement Account (TRA) works the like any other pre-tax reimbursement account available to you, with one notable exception. TRA elections and expenses are administered on a monthly (as opposed to an annual) basis. So with TRA, you can set aside up to \$130.00 per month to be reimbursed for qualified mass transportation expenses incurred during that month. Expenses eligible for reimbursement from a TRA have to fit the definition for qualified mass transit or vanpooling expenses. Qualified mass transit and vanpool expenses are defined as:

Mass Transit means any pass, token, fare card, voucher or similar item that entitles you to transportation (or transportation at a reduced price), provided that such transportation is on mass transit facilities, or provided by an entity in the business of transporting persons if such transportation is provided in the type of highway vehicle eligible for use in vanpooling.

Vanpooling means transportation to and from work and the employee’s residence, but only if in a “commuter highway vehicle” with a seating capacity of six or more adults (not including the driver), and at least 80% of the mileage use of which can reasonably be expected to be for purposes of transportation of employees between work and residences, and on trips during which the number of employees carried is at least on-half of the adult seating capacity of such vehicle (not including the driver). This can include transportation furnished by the employer.

INELIGIBLE EXPENSES

Some examples of expenses not eligible for reimbursement through the plan include:

- Any Parking or Transportation expenses that are not work-related
- Car or Vanpooling expenses with less than six passengers (not including the driver)
- Spouse’s or dependent’s parking or transportation expenses



QUALIFIED MASS TRANSPORTATION EXPENSE PLAN

HOW DO I ENROLL IN THE PLAN?

You will be given an opportunity to enroll in the Qualified Mass Transportation Expense Plan if you are an employee working within the City of San Francisco and working a minimum of ten (10) hours per week. Your participation in the plan will become effective the 1st of the month following receipt of your completed enrollment form.

If you choose to participate in the Qualified Mass Transportation Expense Plan you must complete the enclosed Enrollment Form and return it to your employer by the last day of the month you become eligible to enroll.

Note that all elections under the Qualified Mass Transportation Expense Plan must be made on a prospective basis. If you enrolled in December for a January 1st effective date, you may only submit and be reimbursed for eligible expenses incurred beginning January 1st.

Once you enroll in the Qualified Mass Transportation Expense Plan, your monthly election amount will continue until you either make a change to your election or terminate participation in the plan.

Be sure to sign the Enrollment Form before giving it to your employer.

WHAT IF I DO NOT WANT TO ENROLL IN THE QUALIFIED MASS TRANSPORTATION EXPENSE PLAN NOW, BUT WOULD LIKE TO AT A LATER DATE?

You can begin participation in the Qualified Mass Transportation Expense Plan at any time as long as you are employed and have met the plan's eligibility requirements. To enroll, you must complete and sign an Enrollment Form and return it to your employer prior to the 1st day of the month of your participation.

CAN I CHANGE THE AMOUNT OF MY ELECTION IN THE QUALIFIED MASS TRANSPORTATION EXPENSE PLAN?

You can change the amount of your election in the Qualified Mass Transportation Expense Plan as frequently as you wish. To change your election, simply complete a new Enrollment Form and submit it to your employer prior to the 1st of the month that the change will be effective. Don't forget, all election changes must be made on a prospective basis, so you will not be allowed to make an election change after the month has begun.

HOW DO I TERMINATE PARTICIPATION IN THE QUALIFIED MASS TRANSPORTATION EXPENSE PLAN?

You can terminate your participation in the Qualified Mass Transportation Expense Plan at any time. If you wish to terminate your election, simply complete a new Enrollment Form and submit to your employer prior to the 1st of the month that you are not participating.

WHAT HAPPENS IF I TERMINATE EMPLOYMENT?

If you terminate employment, you will no longer be eligible to participate in the Qualified Mass Transportation Expense Plan. Typically, your pre-tax contributions will continue through your last regular payroll period. You are encouraged to request reimbursements due you for your prior months of



QUALIFIED MASS TRANSPORTATION EXPENSE PLAN

participation after termination. Any unused money will be returned to you as taxable income within 30 days of the receipt of said money by your employer from the plan administrator.



QUALIFIED MASS TRANSPORTATION EXPENSE PLAN

HOW DOES MONEY GET INTO THE ACCOUNT?

The monthly amount you choose to contribute will be deducted from your paycheck before taxes are withheld. When you have an eligible expense, you submit a Request for Reimbursement Form along with the documentation of the expense. Precision Administrators, Inc., our plan administrator, will process your request and send your reimbursement for the amount of the expense. By using the Qualified Mass Transportation Expense Plan, you have just avoided paying taxes on that money.

WHAT KIND OF SAVINGS CAN I REALIZE BY PARTICIPATING IN THE PLAN?

Contributions and disbursements are exempt from federal income taxes, Social Security (FICA) taxes, and state income taxes. Depending on your tax bracket, you can expect savings between 22% and 38%.

WHEN WILL I RECEIVE MY REIMBURSEMENT?

After you have an expense, submit a Request for Reimbursement Form via fax, mail or email to Precision Administrators, Inc. Precision will process and pay reimbursements each business day. Typically, if a reimbursement distribution will be made within 2-4 business days after the request is received by Precision, assuming of course the proper documentation is sent with the request. Reimbursement funds are typically electronically deposited into the participant's checking or savings account.

HOW DO I SUBMIT A REIMBURSEMENT REQUEST?

Enclosed is a Request for Reimbursement Form. Detailed instructions are provided on the form.

CAN I SUBMIT EXPENSES INCURRED BEFORE MY PARTICIPATION IN THE PLAN?

Only expenses incurred during the months you are a participant are eligible for reimbursement. An expense is "incurred" when the service is provided, not when you are billed or pay for it.

WHAT HAPPENS IF THERE IS MONEY LEFT IN MY ACCOUNT AT THE END OF THE CALENDAR YEAR AND I HAVE NO MORE REIMBURSABLE EXPENSES?

All unused money will be returned to you as taxable income.

WHEN I PARTICIPATE IN THE QUALIFIED MASS TRANSPORTATION EXPENSE PLAN, WILL MY SOCIAL SECURITY BENEFITS BE REDUCED WHEN I RETIRE?

Since your taxable income will be reduced, your contribution for Social Security could also be slightly reduced. Usually the effect will be insignificant over the lifetime of covered earnings. Check with your local Social Security office for possible effects on your benefits.

IF I HAVE A QUESTION ABOUT MY ACCOUNT WHO SHOULD I CALL?

Call Precision Administrators, Inc. at (405) 507-0800 or toll free at (800) 615-2797 and ask for the Claims Department. You can also contact your Human Resources Department. Precision Administrators, Inc. mailing address is as follows:



QUALIFIED MASS TRANSPORTATION EXPENSE PLAN

Precision Administrators, Inc.
3240 West Britton Road, Suite 202
Oklahoma City, Oklahoma 73120