

# Transportation Plans Overview

At the beginning of each plan year, employees make their benefit elections stating whether they will participate in the account and how much pre-tax salary they agree to contribute. Benefit elections may be changed based on your plan document during the plan year. To receive funds from their accounts, employees are required to submit written proof that they have incurred an expense that is qualified for reimbursement under the plan.

Cash reimbursement for mass transit passes is allowed “only if no voucher or similar item that may be exchanged only for a transit pass is readily available for direct distribution by the employer to employees.” In cities where transit passes are made available through transit agencies, it may not be possible for employers to reimburse employees for transit fares the employee has already purchased. Sentinel offers the Sentinel debit card to accommodate participants purchasing transit passes using pre-tax funds. Participants electing transit must elect a Debit Card in order to purchase transit passes using pretax funds

Unlike Healthcare FSA plans, salary reduction elections for Transportation FSA plans must be irrevocable only for the period in which the parking, vanpooling, or transit benefits are available. Salary reduction amounts cannot be refunded. That is, the employer cannot cash out unused salary reduction amounts if the employee’s salary reduction exceeds the actual parking, vanpooling, or transit benefit provided to the employee. Also, unlike Healthcare FSA plans, Transportation FSA plans allow unused amounts to be carried over to subsequent periods. There is no annual “use it or lose it” rule. While unused amounts cannot be cashed out, they do not need to be forfeited and instead can be carried over to provide parking, vanpooling, or transit benefits to the employee in subsequent years. Of course, because the salary reduction amounts are not refundable, forfeitures may occur upon termination of employment.

The salary reduction election must be prospective and for a fixed dollar amount. The employer cannot provide for reimbursement through a salary reduction arrangement of parking, vanpooling, or transit expenses that have already been incurred by the employee before the election. Nor could the employer provide for variable salary reduction amounts determined after the employee submits a reimbursement request (a “zero balance reimbursement account” approach).

The 2025 statutory dollar limits for this plan are:

- \$325 per month for parking
- \$325 per month for van pooling and transit passes