

Frequently Asked Questions

Qualified Transportation Plan (QTP)

Q: What is a Qualified Transportation Plan (QTP) and how does it work?

A: A Qualified Transportation Plan (the “Plan”) provides you with the opportunity to use pre-tax dollars to pay for eligible transportation expenses by entering into a salary reduction arrangement instead of receiving a corresponding amount of your regular pay.

This Plan Summary describes the basic features of the Plan, how it operates, and how you can get the maximum advantage from it. The following is only a summary of the key parts of the Plan, and a brief description of your rights as a participant. It is not a part of the official Plan document. If there is a conflict between it and this summary, the Plan document will apply.

Q: What tax advantages are available through the Plan?

A: The Plan permits you to pay for Eligible Transportation Expenses (defined in Q-5) with pre-tax dollars through salary reduction rather than regular pay. The use of pre-tax dollars reduces your taxable income and you save Social Security and income taxes on the amount of your salary reduction. The Table below illustrates this savings.

	WITHOUT QTP	WITH QTP
Gross Monthly Pay	\$2,500.00	\$2,500.00
Pre-Tax Parking	-	\$100.00
Taxable Income	\$2,500.00	\$2,400.00
Estimated Federal Tax (15%)	\$375.00	\$360.00
FICA	\$191.25	\$183.60
After-Tax Parking	\$100.00	-
Take Home Pay	\$1,833.75	\$1,856.40

Of course, your actual tax savings will vary depending on your circumstances

Q: How do I become a Participant?

A: New employees are eligible to participate on the first day they satisfy their required Service Period (as defined in your group’s Plan Document). Current employees are eligible to enroll as a participant or change their current election on a

monthly basis. Any new election or change must be submitted in writing on an individual salary reduction agreement form for the month the change is to take effect.

You become a participant by signing an individual salary reduction agreement and electing to participate in the Plan. You will be provided with a salary reduction agreement when you become eligible to participate.

Q: Can I change my election during a Coverage Period?

A: No. A “Coverage Period” is defined as one month. If you enter into a salary reduction agreement for a month, it cannot be changed during the month that you agreed to participate in the Plan.

If you find during a coverage period that you either underestimated or overestimated your transportation needs during that month, you may change your election for the next coverage period (the next month), by submitting a new salary reduction agreement within two or more weeks prior to the month for which you want the change to become effective. For example, during January you realize you underestimated your transportation costs and want to increase the amount for February, two weeks or more prior to February 15th, you should submit a new salary reduction agreement to your Human Resources Department. Please remember also that the monthly deposit you elect cannot exceed the current Internal Revenue deposit limits. If the Internal Revenue deposit limits are changed, we will notify you of the amended amounts.

Q: What is the maximum QTP expense benefit I may elect?

- A:** The maximum amount you may contribute to the Account cannot exceed the maximum amount specified in Code 132(f). For 2017, the maximum amount is:
- For Parking Expenses..... \$255/month
 - For Transit Expenses and Commuter Highway Vehicle Expenses (combined total)..... \$255/month

Q: Can I combine both accounts?

A: No. You cannot combine the qualified parking expense account and the mass transportation expense account into one account. However, if you incur both types of expenses, you can elect to participate in both types of accounts.

Q: What is an “Eligible Transportation Expense”?

A: Eligible Transportation Expenses include:

- **“Parking Expenses”** are defined as those expenses you have incurred to park your car on or near the business premises of your employer or expenses incurred to park your car at a location from which you commute to work by (a) mass transit facilities, (b) a Commuter Highway Vehicle, or (c) carpool.
- **“Transit Pass Expenses”** are defined as expenses you have incurred for a pass, token, fare card, voucher, or similar item (a “Pass”) for transportation (a) on mass transit facilities, whether or not publicly owned, or (b) provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle with a seating capacity of at least six adults (excluding the driver).
- **“Commuter Highway Vehicle (Vanpool) Expenses”** are defined as expenses you have incurred for transportation in a “commuter highway vehicle” if such transportation is in connection with travel between your residence and place of Employment. A Commuter Highway Vehicle is any highway vehicle with a seating capacity of at least six adults (not including the driver), and for which at least 80% of the mileage is for purposes of transporting employees in connection with travel between their residences and their places of employment, and on trips during which the number of employees transported for such purposes is, on average, at least half of the adult seating capacity of the vehicle (not including the driver).

Q: How do I receive reimbursement under the Plan?

A: When you incur an expense that is eligible for payment, you must file a claim form according to the claim form instructions. As a general rule, you must submit a receipt (or other third party verification) along with your claim form.

If you submit a request for reimbursement that is less than the minimum check amount, it will be carried forward and combined with future requests until the reimbursable amount is equal to or greater than the minimum check amount. If your account balance is less than the minimum check amount, then the entire amount of the reimbursement requests will be paid after the close of the Plan Year.

In addition, you will have 90 days after the end of the Plan year in which to submit a Request for Reimbursement Form for eligible transportation expenses incurred during the previous Plan year. You will be notified in writing if any request for reimbursement is denied.

Q: What if I overestimate my Expenses?

A: If your reimbursement request was for less than your current account balance, the unused amounts in your account will roll over and be available for future reimbursements. You may need to adjust the election for the next coverage period (the next month) in order to use your surplus account balance. For example, if your monthly parking election (and anticipated monthly expense) is \$100, but you only incur \$75 worth of eligible parking expenses in January you might want to change your election for February to \$75 in order to use up the \$25 surplus from January. Then you can increase your election back to \$100 for March prior to March 1.

Q: What if I underestimate my Expenses?

A: If your reimbursement request was for an amount that was less than the monthly maximum amount (described above), but more than your current account balance, the excess part of the reimbursement will be carried over into following months to be paid out as your balance becomes adequate (subject to the monthly maximum described above). Remember, though, that you cannot be reimbursed for any total expenses above your available credits to your account. ***You may not be reimbursed for any expenses that arise before your salary reduction agreement becomes effective.***

Q: What if I have an account balance and I terminate my employment?

A: If you have any funds in your account at the time you terminate employment, any amounts not applied for eligible transportation expenses incurred prior to the termination will be forfeited.

Q: What happens if a request for reimbursement is denied?

A: If your request for reimbursement is denied, we will notify you in writing within 30 days of the date you submitted your request. Such notification will explain why your request was denied.

Q: Who do I contact if I have any questions regarding my account or the Plan?

A: INNOVA Benefit Services has representatives available by telephone Monday through Friday during normal business hours to answer your questions at [866.993.7702](tel:866.993.7702). In addition, you can obtain automated information about your account anytime via our automated telephone inquiry services at [866.276.2411](tel:866.276.2411). The same information is available by logging in via our website at: www.innovaben.com.

You may also reach us via email at: questions@innovaben.com.