

Trustees of Dartmouth College Pre-tax Parking Plan Description

Introduction

Dartmouth College is establishing an employee benefit plan known as the Pre-tax Parking Plan (the "Plan"). The Plan allows employees to use pre-tax dollars to pay for certain parking expenses associated with their work at Dartmouth College.

This Plan Description describes the basic features of the Plan, how the Plan operates and how employees, as participants, can maximize the Plan's benefits.

Overview

The Plan will be effective January 1, 2014. After that date, Dartmouth College will process all payroll deductions for eligible employee parking expenses on a pre-tax basis as permitted by Section 132(f) of the Internal Revenue Code, "Qualified Transportation Fringe Benefits."

The Plan allows eligible Dartmouth College employees to pay for qualified 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 Dartmouth College for Dartmouth College owned, leased or contracted parking facilities.

If you are an eligible employee, as defined below, participation in the Plan is automatic when electing to pay your parking costs through payroll deduction. Deductions are made from your pay before Federal, Social Security, and Medicare taxes are calculated. Your income subject to tax is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced. The pre-tax deduction will become effective the check date of January 31, 2014 for bi-weekly employees and February 1, 2014 for monthly employees.

Eligible Employee

Any non-student employee of Dartmouth College who uses qualified parking and pays for it through payroll deduction is eligible to participate in this Plan.

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 Plan allows a pretax benefit only for qualified parking paid to Dartmouth College by you through payroll deduction. Any payment made other than by payroll deduction may not be processed on a pre-tax basis.

Enrollment and Effective Date of Participation

Effective January 1, 2014, all current eligible Dartmouth College employees, who have a parking deduction through payroll, will be automatically enrolled in the Plan. These employees may choose not to participate in the Plan by ending their payroll deduction arrangements. New employees, who choose to pay for parking through payroll deduction, will be automatically enrolled in the Plan. Participation will be effective immediately upon authorization of a payroll withholding for parking. Participation will continue from pay period to pay period until the employee elects to terminate participation, ceases to be an eligible employee or separates from Dartmouth College employment.

New hires who choose not to participate in the Plan when hired, and who wish to purchase parking, will need to pay the entire annual parking fee (or prorated amount based on the purchase date) directly to Parking and Transportation Services either by cash, check, Visa or MasterCard. Existing employees who choose not to participate in the plan, and who wish to purchase parking, will need to contact the Parking and Transportation Services Office at 646-2340 or parking.and.transportation.services@dartmouth.edu to establish another form of payment, either cash, check, Visa or MasterCard.

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 participation, you must contact the Parking and Transportation Services Office asking them to end your election of payroll deduction and to establish another form of payment, either cash, check, Visa or MasterCard. If you decide to resume participation, you must complete and submit a Parking Payroll Deduction form to the Parking and Transportation Services Office. The change will become effective the pay period following your change in election subject to processing timelines established by the Dartmouth College Payroll Office.

Plan Administration

Trustees of Dartmouth College is the administrator of the Plan and as such has total and complete discretionary authority to determine conclusively for all parties all questions arising in the administration of the Plan. The Trustees of Dartmouth College reserve the right to amend or terminate the Plan at any time.

All inquires concerning the Plan may be directed to the Dartmouth College Payroll Office, 7 Lebanon Street, Hanover, NH 03755 or Dartmouth.Payroll@Dartmouth.edu

Frequently Asked Questions (FAQ)

Overview

Federal tax law allows employers to establish a pre-tax parking deduction benefit for eligible employees who pay parking fees by payroll deduction. Effective January 1, 2014, Dartmouth College is establishing a Pre-tax Parking Plan (the Plan) for all eligible Dartmouth College employees. Under this program, deductions are made from your pay before Federal, Social Security, and Medicare taxes are calculated. Your income subject to tax is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced.

1. Who is eligible to participate in the Dartmouth College Pre-tax Parking Deduction Plan?

Any non-student employee of Dartmouth College who uses qualified parking and pays for it through payroll deduction is eligible to participate in this Plan.

2. What is qualified parking?

Qualified parking is Dartmouth College owned, leased or contracted parking facilities.

3. What if I lease a parking space other than through the Parking Office?

Parking spaces leased through the Real Estate Office using payroll deductions will be automatically enrolled in the Plan. Parking spaces leased from other entities (ie. the Town of Hanover) cannot be paid for through the payroll system, and will not be eligible for participation in the Plan.

4. What is the benefit of participating in the Plan?

Deductions for parking are not subject to Federal, Social Security, and Medicare taxes. Your income subject to tax is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced. Because your resulting taxable earnings are lower, you will pay less Federal, Social Security and Medicare taxes and your net take-home pay will be increased by the amount of your tax savings.

5. Is there a disadvantage to having my parking deduction made on a pre-tax basis?

The Plan will have no impact on your Dartmouth College retirement or on any other Dartmouth College paid benefit. However, depending on your salary, your Social Security benefits at retirement may be slightly affected 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.)

6. When will my tax savings begin?

The Plan is effective January 1, 2014. Unless you elect not to participate, your participation and tax savings will begin the first pay period after January 1, 2014. For bi-weekly employees, this will be the January 31, 2014 paycheck and for monthly employees, this will be the February 1, 2014 paycheck.

7. How do I participate in the Plan?

All eligible Dartmouth College employees who currently have their parking fee deducted from their pay will automatically be enrolled in the Plan effective January 1, 2014. All eligible Dartmouth College employees who do not currently have their parking fee deducted from their pay and wish to participate in the plan should contact the Parking and Transportation Services Office to inquire as to availability.

8. Will I have to make a pre-tax election every year?

No. Once you have completed your parking renewal and elected payroll deduction, you will be automatically enrolled in the Plan.

9. Is participation in the Plan Required?

No. Current eligible Dartmouth College employees who DO NOT want to participate in the Plan beginning January 1, 2014 must complete and submit a Parking Payroll Deduction form ending their payroll deduction to the Parking and Transportation Services Office no later than January 17, 2014. Parking Payroll Deduction forms may be obtained from the Parking and Transportation Services Office.

10. Can I still have my parking fee deducted from my paycheck if I do not participate in the Plan?

No. Only employees who participate in the Plan may have their parking fee payroll deducted. If you choose NOT to participate in the Plan, you are responsible for the full payment of your parking fees directly to Dartmouth College.

11. Can I change my election to participate in Plan?

Yes. You may change your election to participate in the Plan at any time. If you decide to discontinue participation, you must complete and submit a Dartmouth College Pre-Tax Parking Deduction Election Authorization form to the Parking and Transportation Services Office. The change will become effective on the first pay period following your change in election subject to processing timelines established by the Dartmouth College Payroll Office.

12. When will my participation in the Plan cease?

You will no longer be a participant in the Plan if you elect to terminate participation, cease to be an eligible employee or separate from Dartmouth College employment.

13. What about refunds?

Per IRS regulations, no refunds on previous pre-tax payroll deductions will be issued to participants if parking is cancelled.

14. Who should I call if I have any questions?

You should contact the Payroll Office at 603.646.2697 or Dartmouth.Payroll@Dartmouth.EDU if you have any questions about the Plan.