

Meet Joe: A Snapshot of How a Typical Employee Benefits from the Pre-Tax Commuter Program

Meet Joe:

- An employee at HiTechna Corporation
- Married with no kids
- Has worked at HiTechna for 4 years
- He takes the bus to work
- Annual salary of \$42,000

How could Joe benefit from a pre-tax commuter benefit?

- He would save money on monthly bus pass
- He would enjoy the convenience of getting bus pass at work
- He would get reminded monthly that his employer (HiTechna) is providing him a benefit

	Joe's Taxable Income	FICA taxes @7.65% Fed. Withholding* Total taxes	Transit Pass	Net or take home
A: Before option of pre-tax income	\$3,500.00	\$267.75 \$875.00 \$1,142.75	\$72.00	\$2,285.25
B: Using pre-tax income	\$3,500.00 transit pass: \$72.00 \$3,428.00	\$262.24 \$857.00 \$1,119.24		\$2,308.76
C: Tax savings for Joe using pre-tax income		\$5.51 \$18.00 \$23.51	Annual Savings: x 12 = \$282.12	

Joe's Actual Savings:

Joe's \$72 transit pass, less the \$23.51 tax savings, effectively costs Joe \$48.49. *That's a 33% savings for Joe!*

How could Joe's employer, HiTechna, gain from allowing Joe a pre-tax commuter benefit?

- Enhance employee wage and benefits package
- Provide a visible and valued employee benefit at no- or low-cost
- Save nominally on FICA taxes

HiTechna's Savings:

- Annual FICA savings for 1 employee (Joe) - \$66.12
- Annual savings for 10 employees - \$661.12
- For 100 employees - \$6,611.20