



**Finance, Administration and Oversight Committee**

**Information Item VIII-A**

**November 5, 2009**

.....Ga Ufh6YbYZlhpa 7i gha Yf DfcWgg

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100541	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
---	------------------------	--

**TITLE:**

SmartBenefits® Customer Process

**PURPOSE:**

To provide information to the Finance, Administration, and Oversight Committee regarding the SmartBenefits® Customer Process (Separation of Transit and Parking Benefits). Presentation is attached.

**DESCRIPTION:**

Presentation is attached.

**FUNDING IMPACT:**

No impact on funding

**RECOMMENDATION:**

Presentation is for informational purposes.



**WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

# SmartBenefits<sup>®</sup> Customer Process

Finance, Administration, and Oversight Committee

November 5, 2009



# SMARTBENEFITS® AND SMARTTRIP® PROGRAM

## Metro is upgrading the SmarTrip® system (platform for the SmartBenefits® program)

- SmartBenefits® is a web-based commuter benefits program that uses the SmarTrip® platform for employers to assign employee monthly transit and parking benefits
- New platform will accommodate Internal Revenue Service (IRS) regulations to separate transit and parking benefits





## IRS RULING

- **Internal Revenue Bulletin, Rev. Rul. 2006-57, Nov. 20, 2006:**
  - Provides guidance on the use of smartcards and fare media to provide qualified transportation fringe benefits, as defined under section 132(f) of the Code.
  - IRS requirement: separation of transit and parking benefits
    - Better control the allocations
    - Effective date - January 1, 2010



## SMARTBENEFITS® STRUCTURE – JANUARY 2010

- **Transit/parking benefits will not be interchangeable**
  - **Transit benefit (restricted)** – use only to pay for transit fares (rail, bus, vanpool)
  - **Parking benefit (restricted)** – use only to pay Metro parking fees
  - **Personal “stored value”(unrestricted)** – may be used for either transit fares or parking fee when respective benefit account is depleted
- **Benefit allocation**
  - Employer continues to designate total benefit offered, from which employee determines their transit and/or parking benefit amount(s)



# SMARTBENEFITS® STRUCTURE – JANUARY 2010

## New SmarTrip® Structure

Three separate compartments





# SMARTBENEFITS<sup>®</sup> TRANSACTION TODAY

## Current SmarTrip<sup>®</sup> Structure

One compartment for all accounts stored on the card



## Transaction Process

Transaction	Process
Assign benefits:	Employer assigns transit/parking benefit(s)
Load benefits:	Employee loads benefit at station vendor, but total on card at any time cannot exceed \$300 card maximum
Claim benefits:	Benefits preclaimed at station vendor when loaded to card
Use benefits:	Transit fares and parking fees paid from card balance
Monthly reconciliation:	Preclaimed but unused benefits accumulate on the card
	Unclaimed benefits from station vendor are credited to employer



# SMARTBENEFITS® TRANSACTION – JANUARY 2010



## New SmartBenefits® Transaction Process

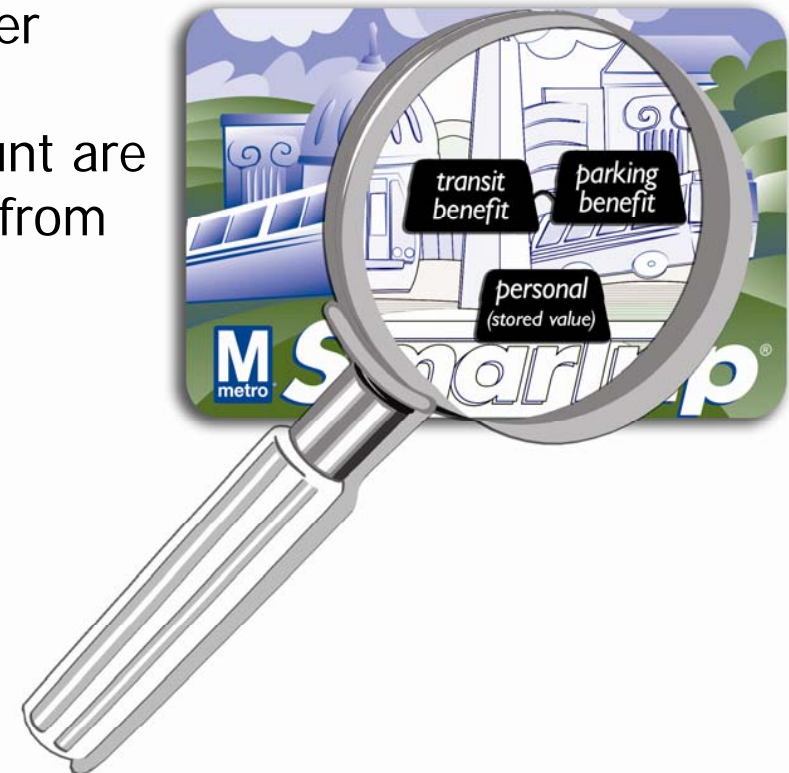
Transaction	Process
Assign benefits:	Employer assigns transit/parking benefit(s)
Authorize benefits:	Monthly benefit value recognized when card is tapped to any SmartTrip® target
Use benefits:	Fares/fees paid from separate restricted benefit accounts. Once respective account is depleted, payment is pulled from stored value account
Claim benefits:	Benefits claimed when used (not preclaimed at station vendor)
Monthly reconciliation:	Transit and parking benefits on card reset to maximum monthly amount authorized by employer
	Unclaimed benefits credited to employer
	Personal stored value balance accumulates on the card



# SMARTBENEFITS® TRANSACTION CHANGES

## Payment for transit fare/parking fee – January 2010

- Deduction automatic from the benefit account when the SmarTrip® card is tapped at the farebox, faregate, and parking lot reader
- When funds in respective benefit account are depleted, payment is automatic pulled from the personal stored value account





# CUSTOMER CONCERNS

## Concerns:

- Some employers want unclaimed benefits to accumulate on the card, while other employers want unclaimed benefits credited back

## Solutions:

- Employers requesting that unclaimed benefits accumulate can remain under the current SmarTrip<sup>®</sup> structure
  - Monthly compliance reports will be available to highlight transit and parking usage
- Employers requesting credit for unclaimed benefits will have access to the new SmarTrip<sup>®</sup> structure in January

## Moving forward:

- Modify new SmarTrip<sup>®</sup> structure to provide flexibility for employers to select
  - Unclaimed benefits accumulate on the card
  - Unclaimed benefits credited back to employer



# COMMUNICATIONS AND OUTREACH

- **Communication and outreach initiatives:**
  - SmartBenefits® Informational meetings
    - Employers who provide transit or parking benefits
    - Third party administrators
  - Provide assistance and guidance as employers implement transit or parking benefit plans
  - Provide information to individuals who receive SmartBenefits®
    - Web communications
    - Issue news releases
    - Provide take-one cards
    - Post bus cards
    - Participate in transit fair events at employer worksites