

THE CALIFORNIA STATE UNIVERSITY  
Office of the Chancellor  
401 Golden Shore  
Long Beach, California 90802-4210  
(562) 951-4411

Date: October 23, 2001 Code: TECHNICAL LETTER  
HR/Benefits 2001-20

To: Human Resources Directors  
Benefits Officers

From: Cathy Robinson, Senior Director  
Human Resources Administration

Subject: New CSU Pre-Tax Parking Deduction Plan

HR 2001-27 announced the new Pre-Tax Parking Deduction Plan effective January 1, 2002. This technical letter highlights plan details and provides information to assist campuses in communicating this new benefit.

Plan Features:

The CSU Pre-Tax Parking Deduction Plan allows eligible employees to pay for parking deductions with pre-tax dollars in accordance with Internal Revenue Code 132(f). This pre-tax benefit is available only through payroll deduction for qualified parking as defined by the IRS and established by your campus (e.g., CSU owned, leased or contracted parking facility). Deductions are taken from employees' paychecks before federal, state, Social Security, and Medicare taxes are calculated. Taxable income is reduced, and consequently, taxable income reflected on employees' W-2 statements is reduced.

Eligible Employees:

All employee groups will be eligible for the CSU Pre-Tax Parking Deduction Plan as long as they are in positions that can participate in the Plan through payroll deduction. (We anticipate Trustee approval for Executives at the November board meeting.)

-Over-

---

**Distribution:**

CSU Presidents  
Vice Chancellor, Human Resources  
Vice Presidents, Administration  
Associate Vice Presidents, Deans of Faculty  
Director, SOSS  
Payroll Managers  
Budget Officers

Enrollment and Effective Date of Participation:

Employees currently paying for parking expenses through payroll deduction will automatically be enrolled effective January 1, 2002. Employees who choose to continue to pay for parking with after-tax dollars will need to complete and submit a CSU Pre-Tax Parking Deduction Election Authorization form to the campus Human Resources office to disenroll and pay for parking through after-tax payroll deduction.

New employees paying for parking expenses through payroll deduction are automatically enrolled in the CSU Pre-Tax Parking Deduction Plan. Participation is effective the first day of the month following appointment. Employee participation will continue from pay period to pay period until the employee terminates participation or separates from CSU employment. Employees may choose not to participate at any time after enrolled by completing and submitting a CSU Pre-Tax Parking Deduction Election Authorization form to the campus Human Resources office.

In preparation for the January 1 implementation date, a draft letter (Attachment A) is attached for campuses to use to introduce the CSU Pre-Tax Parking Deduction Plan to eligible employees. Brochures describing the Plan and a supply of CSU Pre-Tax Parking Deduction Election Authorization forms will be mailed to campuses under separate cover. Copies of the draft brochure (Attachment B) and Authorization form (Attachment C) are attached for your reference. To assist campuses in identifying eligible employees, Compendium Report Code A73, under Campus Detail, Parking Deductions, is available for all campuses starting with the September 2001 pay period through the December 2001 pay period. It is recommended that campuses notify employees in November.

Change in Election:

Employees may change their election to participate in the Plan at any time. All changes are prospective. A CSU Pre-Tax Parking Deduction Election Authorization form must be completed in order to enroll/disenroll with an effective date of the first of the month following the change in election subject to campus and State Controller's Office (SCO) processing timelines. Completed CSU Pre-Tax Parking Deduction Election Authorization forms should be sent to:

State Controller's Office  
Personnel/Payroll Services Division  
Collective Bargaining Unit  
P.O. Box 942850  
Sacramento, CA 94250-5878

Eligible Expenses:

The IRS limits qualified parking expenses to parking at or near the work location or at a location from which the employee commutes to work by carpool. The CSU Plan allows a pre-tax benefit only for qualified parking paid by the employee through payroll

deduction. Not all parking expenses allowed under the IRS rules may be eligible through payroll deduction as prescribed by campus policy and the SCO.

Contribution Limit:

For 2002, the IRS limit for the amount of qualified parking that may be excluded from taxable income is \$180 per month. This limit may be adjusted annually to reflect cost of living increases. For employees with parking deductions in excess of \$180, the amount in excess of \$180 will be paid in after-tax dollars.

Effect on Other Benefits

The CSU Pre-Tax Parking Deduction Plan has no impact on an employee's CalPERS retirement, or on any other CSU-paid benefit. However, depending on the employee's salary, Social Security benefits at retirement may be reduced slightly since Social Security taxes were paid on a lower wage.

If you have questions, please contact Pamela Chapin in Human Resources Administration at (562) 951-4414. This technical letter is also available on the Human Resources Administration's web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

CR/pc

Attachments

## SAMPLE EMPLOYEE COMMUNICATION

November 2001

### RE: CSU PRE-TAX PARKING DEDUCTION PLAN IMPLEMENTATION

Dear \_\_\_\_\_:

This letter highlights details of a new pre-tax benefit plan that California State University (CSU) is pleased to provide eligible employees who currently pay for parking through payroll deduction with after-tax earnings. Effective January 1, 2002, if you are in an eligible position and currently pay for parking expenses through payroll deduction, you will automatically be enrolled as a participant in the CSU Pre-Tax Parking Deduction Plan. As a participant, a specified amount you pay for parking expenses through payroll deduction will be tax exempt, which means parking deductions will be taken from your pay before federal, state, Social Security, and Medicare taxes are calculated. Your taxable income will be reduced, and consequently, your taxable income reflected on your annual W-2 statement will be reduced.

#### **Eligibility**

Employees in all non-represented and represented employee groups are eligible to participate in the pre-tax plan. In order to participate, you must be able to pay for CSU parking expenses through payroll deduction.

*If you are not currently parking in a CSU parking facility established by this campus and are interested in doing so, please contact \_\_\_\_\_.*

#### **Enrollment**

If you are currently paying for parking expenses through payroll deduction, enrollment in this plan is automatic unless you choose to continue paying for parking expenses with after-tax dollars. If you wish to continue your parking deductions with after-tax dollars, please complete the attached CSU Pre-Tax Parking Deduction Election Authorization form. You may change your election to participate at any time.

#### **Eligible Expenses**

Since you are currently paying for CSU parking through payroll deduction, your parking expenses will automatically qualify as an eligible pre-tax parking expense. The IRS monthly deduction limit for calendar year 2002 is \$180. If your monthly parking deduction is more than the IRS limit, the difference will be paid in after-tax dollars.

For additional Plan details, please refer to the CSU Pre-Tax Parking Deduction Plan brochure available in the Human Resources office or contact \_\_\_\_\_ at \_\_\_\_\_.

Kindest Regards,

\_\_\_\_\_



# THE CALIFORNIA STATE UNIVERSITY PRE-TAX PARKING DEDUCTION PLAN

January 2002

This brochure is intended to provide highlights of the California State University (CSU) Pre-Tax Parking Deduction Plan. Pre-tax parking plans are governed by rules set by the Internal Revenue Service (IRS) and supersede this brochure in the event of any discrepancy. If you have questions about the Plan, please contact your campus Human Resources Office.

## Overview

The CSU Pre-Tax Parking Deduction Plan allows you to pay for CSU 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 your campus (e.g., CSU owned, leased or contracted parking facility). If you are eligible, participation in the Plan is automatic unless you choose otherwise. Deductions are taken from your pay before federal, state, Social Security, and Medicare taxes are calculated. Your taxable income is reduced, and consequently, your taxable income reflected on your annual W-2 statement is reduced.

The CSU Pre-Tax Parking Deduction Plan will have no impact on your CalPERS retirement or on any other CSU-paid benefit. However, depending on your salary, your Social Security benefits at retirement may be reduced slightly, 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.)

## Eligible Employees

You are eligible to participate in the CSU Pre-Tax Parking Deduction Plan if you are in an Executive, Management Personnel Plan (MPP), Confidential or other nonrepresented position, or are covered by a collective bargaining agreement that provides the benefit. You must be in a position that can participate in the Plan through payroll deduction.

## Enrollment and Effective Date of Participation

New employees are automatically enrolled in the CSU Pre-Tax Parking Deduction Plan. Participation will be effective the first day of the month following your appointment. Your participation will continue from pay period to pay period until you terminate participation or separate from CSU employment. If you choose not to participate when

hired or at any time after enrolled, you must complete and submit a CSU Pre-Tax Parking Deduction Election Authorization form to your campus Human Resources Office to disenroll and pay for parking through after-tax payroll deduction. (Please contact your campus Human Resources Office for more information.)

## 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 or resume participation, you must complete and submit a CSU Pre-Tax Parking Deduction Election Authorization form to your campus Human Resources Office. The change will become effective on the first of the month following your change in election subject to campus and State Controller's Office (SCO) processing timelines.

## 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 CSU Plan allows a pre-tax benefit only for qualified parking paid for by you through payroll deduction. Not all parking expenses allowed under the IRS rules may be eligible through payroll deduction as prescribed by campus policy and the SCO.

## Amount You Can Contribute

For 2002, IRS Code Section 132(f) limits the amount of qualified parking that may be excluded from your taxable income to \$180 per month for a pre-tax parking deduction. This limit may be adjusted annually to reflect cost of living increases. Any amount of parking deduction in excess of \$180 will be paid with after-tax dollars.





The California State University  
**PRE-TAX PARKING DEDUCTION ELECTION AUTHORIZATION**

Technical Letter  
HR/Benefits 2001-20  
Attachment C

Please type or use ball point pen, print clearly. Send completed form to campus Human Resources Office.

Employee Name: (first) \_\_\_\_\_ (initial) \_\_\_\_\_ (last) \_\_\_\_\_

Please check the appropriate box.

I **decline to participate** in the CSU Pre-Tax Parking Deduction Plan and wish to pay for parking expenses with after-tax earnings through payroll deduction.

I **request to participate** in the CSU Pre-Tax Parking Deduction Plan and pay for parking expenses with pre-tax earnings through payroll deduction. *[Not for use during initial automatic enrollment]*

- I understand that enrollment in the Pre-Tax Parking Deduction Plan is automatic for parking paid through payroll deduction. I also understand that participation in the Plan is optional and I may choose to start/stop participation at any time in the future pursuant to eligibility and Plan guidelines.
- I understand that I must complete and return this form to the campus Human Resources Office by the 5<sup>th</sup> day of the month in order for the change in participation to be effective the 1<sup>st</sup> day of the following month.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Employee SSN: \_\_\_\_\_

**- For Office Use Only -**

I have received notification of employee's decision to start \_\_\_stop\_\_\_ (check appropriate selection) participation in the CSU Pre-Tax Parking Deduction Plan.

Benefits Officer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Campus: \_\_\_\_\_ Phone No. \_\_\_\_\_

Mail completed form to:

**State Controller's Office  
Personnel/Payroll Services Division, Collective Bargaining Unit  
P.O. Box 942850  
Sacramento, CA 94250-5878**

Distribution: White – State Controller's Office      Yellow – Campus      Pink - Employee