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 SECRETARY

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Correspondence Memorandum

Date: May 14, 2018

To: Group Insurance Board

From: Diana M. Felsmann, Attorney
 Office of Legal Services
 Eileen Mallow, Director
 Office of Strategic Health Policy

Subject: Federal Tax Law Changes to Qualified Transportation Fringe Benefits

This memo is for the Board’s consideration.

This purpose of this memo is to provide background information and offer potential options for the Group Insurance Board (GIB) to consider in response to concerns raised by the University of Wisconsin System (UW) with respect to changes to the federal tax law. Those changes are expected to impact the UW’s tax liability for UW employees participating in ETF’s Commuter Benefits Program, a qualified transportation fringe benefits plan under federal Internal Revenue Code (Code) Section 132(f). The UW estimates an additional tax liability of approximately \$2 million as a result of the federal law change.


The Commuter Benefits Program is part of the Employee Reimbursement Account (ERA) Programs authorized by Wis. Stat. §40.02(26g). Under Wis. Stat. §40.85, the Employee Trust Funds (ETF) Board has authority over the ERA Programs. The ETF Board recently delegated that authority to the Group Insurance Board (GIB).

The Commuter Benefits Program’s provisions are contained in a separate plan document entitled State of Wisconsin, Department of Employee Trust Funds Transit and Parking Plan Document (Attachment A). Approval of an amendment to that Plan Document is necessary if the GIB is interested in addressing the tax liability concerns raised by the UW.

I. Qualified Transportation Fringe Benefits Plans

A qualified transportation fringe benefits plan under Code Section 132(f) offers a way for employees to use pre-tax dollars to pay for certain parking and transit expenses related to their commute to work. For calendar year 2018, employees may contribute up to

Reviewed and approved by Robert J. Conlin, Secretary



Electronically Signed 5/14/18

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\$260 per month into a qualified transportation fringe benefits plan to use for parking and transit expenses.

II. Federal Tax Law Changes to Qualified Transportation Fringe Benefits

The federal Tax Cuts and Jobs Act (TCJA) of 2017 was signed into law on December 22, 2017, with an effective date of January 1, 2018. The TCJA did not impact an employee's ability to make pre-tax contributions to a qualified transportation fringe benefits plan for parking and transit expenses. It did, however, amend the definition of unrelated business taxable income (UBTI) to include qualified transportation fringe benefits.

That amendment impacts the UW's federal tax liability. While the State of Wisconsin is not subject to the unrelated business income tax (UBIT), Wisconsin state colleges and universities are subject to UBIT.

III. UW Qualified Transportation Fringe Benefits

The UW offers eligible employees two qualified transportation fringe benefit programs:

1. A UW-sponsored program; and
2. ETF's Commuter Benefits Program.

The UW-sponsored program has approximately 22,000 participants. For the majority of those plan participants, the UW deducts set amounts pre-tax from their wages and pays those amounts directly to the participant's parking facility.

Most UW employees are also eligible to participate in ETF's Commuter Benefits Program. A total of 435 UW employees currently participate in ETF's Program.

IV. ETF's Commuter Benefits Program

ETF has offered a qualified transportation fringe benefits program to state employees since 2002, referred to as the Commuter Benefits Program. Approximately 124,000 state employees are eligible to enroll, with a current total of 2,713 Program participants.

The Program allows participants to pay for parking or transit expenses via pre-tax payroll deduction, offering direct-pay to parking facilities, purchase of bus passes, and reimbursement of qualified transportation expenses. Funds may be accessed either by using a commuter benefit debit card or requesting reimbursement.

Employees eligible to participate include all full-time and part-time, classified and unclassified State and UW employees, with limited exceptions for certain student assistants and employees-in-training.

Eligible employees may enroll, make changes to, or terminate their contribution amount at any time throughout the year. Funds are carried over from year to year unless the

employee terminates employment. Upon termination of employment, any remaining account balance is forfeited.

ETF's Commuter Benefits Program does not allow for post-tax contributions. Wis. Stat. §40.02(26g)(b).

V. Other Federal and State Law Provisions Relevant to ETF's Commuter Benefits Program

The federal law treats qualified transportation fringe benefit plans differently than other benefits in a number of ways:

- Federal nondiscrimination requirements do not apply, allowing an employer to limit plan participation to only certain employees;
- Plans may allow an employee to make, change, or terminate an election at any time; and
- Plans may provide that contributions are forfeited upon termination of employment.

As applied to ETF's Commuter Benefits Program, the Transit and Parking Plan Document defines its establishing Employer as the State of Wisconsin. (Attachment A, Article I, Section 1.01, page 4). It currently lists its Adopting Employers as all state agencies in Wis. Stat. §40.02(54), and all campuses of the University of Wisconsin System. (Attachment A, Plan Information Appendix, page 14).

Eligible employees are all state employees, including limited-term employees. (*Id.*) An employee's election may be changed month-by-month. (*Id.* at Section IV., page 15).

ETF's Transit and Parking Plan Document, Article V, allows for the Employer to amend the Plan Document at any time, to include terminating or limiting participation by an Adopting Employer.

State law does not define eligible employees or require that all state employers must offer transportation benefits. As a result, most changes to ETF's Commuter Benefits Program may be made via GIB's adoption of an amendment to the Transit and Parking Plan Document.

VI. Impact of Federal Tax Law Changes on Qualified Transportation Fringe Benefits for UW Employees

The TCJA impacts UW's tax liability for both its UW-sponsored qualified transportation fringe benefits program and for UW employees participating in ETF's Commuter Benefits Program. If plan participation and contribution amounts in both plans remain consistent from 2017 to 2018, the UW estimates that it will owe an additional \$1,249,510 in federal taxes. That estimate does not include the UW's potential tax liability for bus services and any potential state tax liability based on changes to the state tax code, which adopted many of the TCJA provisions. UW estimates its total expected transportation benefits-related tax liability for 2018 to be approximately \$2,000,000.

To mitigate that tax liability, the UW intends to end employee pre-tax contributions to the UW-sponsored plan as of June 1, 2018.

A total of 435 UW employees participate in ETF's Commuter Benefits Program:

Benefit	Total # of Participants	Total Contributed in 2018	Account Balance Total*
Parking Account	364	\$71,463.81	\$57,947.39
Transit Account	71	\$8,261.27	\$11,221.00
Totals	435	\$79,725.08	\$69,168.39

*Account Balance Total is the total fund balance available. This amount includes rollover and 2018 contributions to date minus funds used.

Enrollment by UW employees in ETF's Commuter Benefits Program may increase when the UW-sponsored program benefits are limited to post-tax deductions beginning June 1, 2018. Such an increase in enrollment in ETF's Program would cause the UW to incur additional tax liability.

VII. Options

The GIB is not required to take any action based on the passage of the federal TCJA. ETF is not directly impacted by these changes to federal tax law. Nor are employees participating in ETF's Commuter Benefits Program.

The UW, however, faces an unexpected tax liability by continuing to offer pre-tax transportation benefits through ETF's Commuter Benefits Program. As noted above, to limit its liability for transportation-related benefits, the UW intends to end pre-tax parking and transit benefits under the UW-sponsored plan as of June 1, 2018.

If the GIB is interested in assisting the UW in minimizing the unexpected tax liability that will be incurred by the UW, ETF offers the following information and options in connection with ETF's Commuter Benefits Program:

1. **Option A:** The GIB would have the authority to amend the Transit and Parking Plan Document to freeze plan participation for UW employees to only those employees participating as of May 31, 2018. This action would disallow enrollment of new UW participants going forward.

The Plan Document may be amended to discontinue the acceptance contributions by UW participants as of May 31, 2018.

The Plan Document may be further amended to terminate UW's participation as an Adopting Employer as of January 1, 2019.

Impact: These changes would close the plan to new UW participants and discontinue all future employee contributions, thereby potentially limiting the UW's tax liability. Current participants would be able to continue using contributions they had already made into the Program until those amounts were exhausted.

2. **Option B:** The GIB would have the authority to amend the Transit and Parking Plan Document to freeze plan participation for UW employees to only those employees participating as of May 31, 2018. This action would disallow enrollment of new UW participants going forward.

The Plan Document may be amended to allow for the continued acceptance of pre-tax contributions from current UW participants through the end of calendar year 2018, unless a participant terminated employment.

The Plan Document may be further amended to terminate UW's participation as an Adopting Employer as of January 1, 2019.

Impact: These changes would close the plan to new UW participants. In contrast to the first potential option listed above, these changes would allow current UW plan participants to continue to make pre-tax contributions until the end of the year. Current participants would be able to continue using contributions they made until those amounts were exhausted. By allowing current UW participants in ETF's Commuter Benefits Program to continue making contributions through the end of 2018, the UW would incur additional tax liability for those contributions.

For specific draft amendments to the Plan language in connection with the above-referenced options, please see Attachment B.

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Neither one of these options has any effect on other state employees participating in ETF's Commuter Benefits Program.

Staff will be available at the Board meeting to answer questions.

Attachment A: Transit and Parking Plan Document

Attachment B: Draft Plan Amendments

STATE OF WISCONSIN, DEPARTMENT OF EMPLOYEE TRUST FUNDS
TRANSIT AND PARKING PLAN
PLAN DOCUMENT

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ARTICLE I
INTRODUCTION

- 1.01 **Introduction.** The State of Wisconsin (the “Employer”) has established the Transit and Parking Plan (“Plan”), which is effective as of the date set forth in the Plan Information Appendix. It is intended that this Plan will constitute a “Transportation Fringe Benefit Plan” that has been described in Section 132(f) of the Internal Revenue Code of 1986 (“Code”) and the regulations issued thereunder, as amended from time to time.
- 1.02 **Purpose and Scope.** The purpose of this Plan is to allow Eligible Employees to set aside otherwise taxable compensation on a pre-tax basis for Reimbursement (as defined herein) of Eligible Transportation Expenses (as defined herein).
- 1.03 **Documentation.** This document, including the Plan Information Appendix attached hereto, constitutes the official plan document of the Plan. No terms of any other document relating to this Plan shall be binding on the Employer and/or Plan Administrator except as specifically set forth herein.

ARTICLE II
DEFINITIONS

The terms used in this Plan shall have the meanings set forth in this Article II unless the context in which they are used clearly indicates that some other meaning is intended.

- 2.01 **Adopting Employer** means any entity which is a member of a group that includes the Employer that is defined in Code §414(b) or (c) and who has been authorized by the Employer to adopt the Plan for the benefit of its Eligible Employees and has so adopted this Plan.
- 2.02 **Benefit Administrator** means Total Administrative Services Corporation (TASC) which has agreed to perform certain services on behalf of the Plan Administrator as set forth in the contract between the Employer and TASC.
- 2.03 **Commuter Highway Vehicle** means any highway vehicle (including a Van Pool operated by an Employer, Employee, private or public entity):
- (1) That has a seating capacity of at least 6 adults (not including the driver), and
 - (2) For which at least 80 percent of the mileage of such vehicle is reasonably expected to be used:
 - (a) for transporting Employees in connection with travel between their residences and their place of employment, and
 - (b) on trips during which the number of Employees transported for such purposes is, on average, at least one-half of the adult seating capacity of such vehicle (not including the driver).
- 2.04 **Compensation** means the cash wages or salary paid to an Employee by the Employer.

- 2.05 **Coverage Period** means the monthly, quarterly, semi-annual, annual (or other) period designated by the Employer in the Plan Information Appendix and/or in its enrollment material during which a Salary Reduction Agreement is effective and irrevocable.
- 2.06 **Effective Date** means the date the Plan was established. The Effective Date of this Plan is identified in the Plan Information Appendix.
- 2.07 **Eligible Transportation Expenses** mean those Qualified Parking and Qualified Transit Fare expenses incurred by an Employee after the effective date of this Plan, after the date the Eligible Employee becomes a Participant, and prior to the date the Employee ceases to be a Participant to use a Commuter Highway Vehicle, Transit Pass, or Qualified Parking, as defined herein, for purposes of transportation between an Employee's residence and place of Employment.
- 2.08 **Employee** means an individual that the Employer classifies as a common-law employee and who is on the Employer's W-2 payroll, but does not include any leased employee (including, but not limited to those individuals defined in Code § 414(n)), or an individual classified by the Employer as a contract worker, independent contractor, temporary employee or casual employee, whether or not any such persons are on the employer's W-2 payroll, or any individual who performs services for the Employer but who is paid by a temporary or other employment agency such as "Kelly," "Manpower," etc., or any employee covered under a collective bargaining agreement.
- 2.09 **Employer** means State of Wisconsin.
- 2.10 **Participant** means an Employee who has satisfied the eligibility requirements of Section 3.01 herein and has made an election in accordance with Section 3.02 herein.
- 2.11 **Plan Administrator** as set forth in Article IV, means the person(s) or Committee appointed by the Employer with authority, discretion, and responsibility to manage and direct the operation and administration of the Plan. If no such person is named, the Plan Administrator shall be the Employer. The Plan Administrator may operate through the Benefit Administrator, as specified in any services agreement.
- 2.12 **Plan** means this Transit and Parking Plan, as amended from time to time.
- 2.13 **Qualified Parking** means the following types of parking:
- (1) On or near the business premises of the Employer;
 - (2) On or near a location from which the Participant commutes to work:
 - (a) On mass transit facilities, whether or not publicly owned,
 - (b) In a "Commuter Highway Vehicle," or
 - (c) In a car or vanpool (i.e., two or more individuals who commute together in a motor vehicle on a regular basis).

“Qualified Parking” does not mean parking on or near property used by the Employee for residential purposes. If more than one Participant participates in a car or vanpool, and a Qualified Parking space has been obtained by one of the participants as a result of a membership in such car or vanpool, the rules and limitations of this Plan apply to the Participant to whom the space has been assigned. If no Participant has been assigned to the Qualified Parking space, the Employer will, in its sole discretion, assign the Qualified Parking space to one of the Participants.

- 2.14 **Qualified Transit Fare** means a pass, token, Voucher (as defined herein), or similar item entitling a person to transportation (or transportation at a reduced price) satisfying either of the following conditions:
- (1) On mass transit facilities, whether or not publicly owned, or
 - (2) 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).
- 2.15 **Reimbursement** means direct cash reimbursement of Eligible Transportation Expenses incurred by a Participant, or alternatively, indirect reimbursement of Eligible Transportation Expenses incurred by a Participant through a Voucher or direct payment to the transportation service provider.
- 2.16 **Salary Reduction Agreement** means the actual or deemed agreement pursuant to which an Eligible Employee enrolls in the Plan in accordance with Article III.
- 2.17 **Voucher** means an instrument (including an electronic payment card) that is accepted for Eligible Transportation Expenses.

ARTICLE III

ELIGIBILITY and PARTICIPATION

3.01 **Eligibility.** Each Employee who satisfies the “Eligibility Requirements” described in the Plan Information Appendix shall become eligible to participate in the Plan no earlier than the “Eligibility Date” described in the Plan Information Appendix. An Eligible Employee shall become a Participant when he or she satisfies the requirements of Section 3.02 herein.

3.02. **Election of Benefits.**

- (a) An Eligible Employee may become a Participant by completing and submitting a Salary Reduction Agreement through an on-line process approved by the Plan Administrator whereby the Employee agrees to reduce his or her Compensation by the amount of Eligible Transportation Expenses he or she expects to incur during a future Coverage Period, not to exceed the applicable Monthly Limits set forth in the Plan Information Appendix. The pre-tax compensation reduction may exceed the Monthly Limits set forth in the Plan Information Appendix if the election is for more than one future Coverage Period and the monthly pro-rated election amount does not exceed the applicable Monthly Limits. An amount equal to the elected amount for the Coverage Period divided by the number of pay periods during the Coverage Period will be deducted from each paycheck during the Coverage Period.
- (b) An eligible Employee may make an election to Participate in accordance with this Section 3.02 at any time after the requirements in Section 3.01 have been satisfied. Such election will be effective no earlier than the first Coverage Period following the date the election to participate is made or the date the Employee first becomes eligible, whichever is later. To the extent set forth in the enrollment material, the Plan Administrator may deem each Eligible Employee who has satisfied the Eligibility Requirements set forth in the Plan Information Appendix to become a Participant in this Plan as of the Eligibility Date set forth in the Plan Information Appendix unless the Employee affirmatively elects not to participate.
- (c) Such pre-tax salary reductions will continue each Coverage Period unless changed or revoked (prospectively) by the Employee pursuant to Section 3.04 and 3.05 herein.

3.03 **Accounts.** The Employer will create and maintain a bookkeeping account (“Account”) on behalf of each Participant for one or both of the following types of expenses, to the extent elected by the Eligible Employee in accordance with Section 3.02 herein:

- (a) Qualified Transit Fare Expenses; and/or
- (b) Qualified Parking Expenses

The Account(s) will reflect the accumulated amount of Compensation that has been deducted on a pre-tax basis from the Employee’s Compensation for each such type of expense, as set forth on the Salary Reduction Agreement. The balance of the Account(s) will be reduced by the amount of each Reimbursement made in accordance with the terms of this Plan. Amounts allocated to one Account per the Salary Reduction Agreement can be transferred to the other Account upon approval by the Plan Administrator.

3.04 **Election Changes.** A Participant may revoke or change an election at any time pursuant to procedures established by the Plan Administrator. Such revocation or change of election shall not be effective until the first day of the Coverage Period following the Coverage Period during which the election change was made.

3.05 **Termination of Participation**

Participation in this Plan shall terminate on the earliest of the following to occur:

- (a) the date the Employer terminates the Plan,
- (b) the date the Participant terminates employment, or
- (c) the end of the Coverage Period during which the Participant revokes his or her Salary Reduction Agreement in accordance with Section 3.04 herein. Notwithstanding the preceding sentence, a former Participant who has revoked his or her Salary Reduction Agreement but is still an Employee as defined herein may be permitted, to the extent set forth in the Plan Information Appendix, to continue participating until coverage ends as set forth in (a) or (b) above and to receive Reimbursement for Eligible Transportation Expenses incurred after the effective date of the revocation up to the Participant's Account(s) balance. If permissible, all Reimbursements received for Eligible Transportation Expenses incurred after the effective date of the Salary Reduction Agreement revocation are subject to the terms of this Plan.

For purposes of Transit Fare Expenses provided in the form of a transit pass or Voucher by an Employer, the value of such coverage provided to an Employee for entire month(s) in which the Participant is not an Employee shall be included in the Participant's gross income for income tax purposes. The same amount shall be excluded from the Participant's gross income for purposes of reporting unemployment tax unless, prior to the beginning of the Coverage Period during which the Participant's employment terminated, the effective date of the termination was established to begin prior to the first day of the last month of the Coverage Period.

3.06 **Forfeiture of Unused Amount in Account.**

Any unused amounts in a Participant's Account(s) that have not been used for Eligible Transportation Expenses incurred prior to the end of any Coverage Period will be carried over to the subsequent Coverage Period. Any amounts in a Participant's Account(s) that have not been used for Eligible Transportation Expenses incurred before the date the individual ceases to be a Participant in accordance with Section 3.05 shall be forfeited and returned to the Employer to be used in the sole discretion of the Employer.

3.07 **Substantiation of Expenses.**

Substantiation is not required for the Transit or Parking Plans. It is recommended that Participants retain any Eligible Transportation Expense receipts for personal records for seven (7) years.

3.08 **Reimbursement of Expenses.**

- (a) The Employer will provide for Reimbursement of Eligible Transportation Expenses on an administratively convenient periodic basis. The amount of any Reimbursement shall not exceed the lesser of the specific Account balance or the applicable Monthly Limit set forth in the Plan Information Appendix.
- (b) Under this Transit and Parking Plan, Participants have several reimbursement options.
1. Complete and submit a written claim form for reimbursement (“Request for Reimbursement”). When an Eligible Transportation Expense is incurred, file a claim with the Plan's Benefit Administrator by completing and submitting a Request for Reimbursement Claim Form. Participants may obtain a Request for Reimbursement Claim Form by downloading the form from their online TASC account at <https://partners.tasconline.com/ETFEmployee> (enter the Participant’s user name and password) or by phoning TASC at 844-786-3947. The Benefit Administrator will process the claim and the Participant will receive notification that the claim has been approved.
 2. Use an electronic payment card to pay the expense. In order to be eligible for the electronic payment card, a Participant must agree to abide by the terms and conditions of the electronic payment card program (the “Program”) as set forth herein and in the electronic payment card Cardholder Agreement (the “Cardholder Agreement”) including any fees applicable to participate in the Program, limitations as to card usage, the Plan’s right to withhold and offset for ineligible claims, etc.
 3. File a claim directly from their online account at <https://partners.tasconline.com/ETFEmployee>. Participants may submit claims from their account, online directly to the Benefit Administrator. No printing is required. Participants will sign into their account and click “*Request for Reimbursement Wizard*” and begin the online process of filing a claim.
 4. File a claim from their mobile phone via the TASC mobile application. Participants can submit claims from their smartphone by downloading the TASC mobile application available for Apple or Android phones. Information on using the mobile application can be found on the ETF website under the members’ section. (Note: the mobile application is not available until the Participant’s account is active.)
- (c) Special Valuation Rule for Van Pools. If a Participant incurs or pays an expense in a Commuter Highway Vehicle that is a car or vanpool, the value of such expense shall be determined in accordance with Treas. Reg. 1.132-9, Q-21.

ARTICLE IV ADMINISTRATION

- 4.01 **Plan Administrator.** The Plan Administrator of the Plan shall be identified in the Plan Information Appendix.
- 4.02 **Powers and Duties of the Plan Administrator.** The Plan Administrator shall have exclusive responsibility for, and all powers necessary or desirable to carry out, the administration of the Plan and, without limitation on the foregoing, shall have complete discretionary power and authority to:
- (a) Adopt any rules and regulations it deems desirable for the conduct of its affairs and the administration of the Plan;
 - (b) Take any action it deems necessary or appropriate to comply with any requirements of applicable law with respect to notice and disclosure and the preparation and filing of reports and forms, if necessary;
 - (c) Construe and interpret the Plan and make determinations (including factual determinations) under the provisions of the Plan with respect to all rights, benefits, duties and entitlements, including but not limited to eligibility for benefits, amounts of benefits payable, and all other matters pertaining to the operation and administration of the Plan, all of which determinations are to be made in the Plan Administrator's sole discretion;
 - (d) Appoint or employ persons to assist in the administration of the Plan (such as the Benefit Administrator); and
 - (e) Make any equitable adjustments to correct any error or omission discovered in the administration of the Plan.
- 4.03 **Indemnification.** The Employer and each Adopted Employer shall indemnify and hold harmless the Plan Administrator from and against any liability, loss, cost or expense arising from any action or inaction by such parties in connection with their responsibilities under the Plan.

ARTICLE V

AMENDMENT AND TERMINATION

The Employer may at any time (1) amend the Plan contained in this document in any manner it deems advisable, (2) terminate or limit the Plan contained in this document, or (3) terminate or limit the participation in the Plan by any Adopting Employer, effective as of the date specified in the instrument of amendment or termination. Such amendments may be retroactive to the extent deemed appropriate by the Employer and may be made in contemplation of, or with specific reference to, a particular transaction, job elimination, reduction in force, or similar event.

ARTICLE VI
MISCELLANEOUS

- 6.01 **Right to Assets.** Neither the establishment of the Plan nor the payment of benefits under the Plan shall be construed as giving any legal or equitable right to any Participant or former Participant against the Employer or its officers or employees except as expressly provided herein, and all rights under any Plan shall be satisfied, if at all, only out of the general assets of the Employer.
- 6.02 **No Inducement, Contract or Guarantee of Employment.** The Plan does not constitute inducement or consideration for the employment of any Participant, nor is it a contract between any Employer and Participant. Participation in the Plan shall not give any Participant any right to continued employment with his Employer, and the Employer retains the right to hire and discharge any Participant at any time, with or without cause, as if the Plan had never been adopted.
- 6.03 **Spendthrift.** Except as permitted by law and this section, no assignment of any rights or benefits arising under the Plan shall be permitted or recognized. The Employer shall not be liable for or subject to the debts, contracts, liabilities, or torts of any person entitled to benefits under this Plan.
- 6.04 **Conclusiveness of Records.** The Employer's records with respect to an Employee's age, service, employment history, employment termination, compensation, absences, illnesses and all other relevant matters shall be conclusive for purposes of the administration of the Plan.
- 6.05 **Payment of Administration Expenses.** The Employer and, to the extent deemed appropriate by the Plan Administrator, the Adopting Employers, shall pay all the expenses of administration of the Plan and the expenses of the Plan Administrator, and any other expenses incurred at the direction of the Plan Administrator.
- 6.06 **Governing Law.** The Plan shall be governed, construed, administered and regulated in all respects under the rules and regulations of the Internal Revenue Code and the laws of Wisconsin.
- 6.07 **Right to Require Information and Reliance Thereon.** The Plan Administrator shall have the right to require Employees and/or Participants to provide the Plan Administrator or its agents with such information, in writing, and in such form as it may deem necessary to the administration of the Plan, and such parties may rely on that information in carrying out their duties hereunder.
- 6.08 **Construction.** One gender includes the other, and the singular and plural include each other when the meaning would be appropriate. The Plan's headings and subheadings have been inserted for convenience of reference only and must be ignored in any construction of the provisions. If a provision of this Plan is illegal or invalid, that illegality

or invalidity does not affect other provisions. Any term with an initial capital not expected by capitalization rules is a defined term according to Article II.

- 6.09 **Notification of Employees**. The Employer shall communicate in writing the terms and conditions of the Plan to all eligible Employees.
- 6.10 **Taxability of Benefits**. The Employer makes no guarantee as to the excludability of benefits under this Plan from federal, state, or local taxes, and it shall be the Participant's sole responsibility to pay any taxes due as a result of the payment of benefits hereunder.

PLAN INFORMATION APPENDIX

This Plan Information Appendix provides information specific to the State of Wisconsin Transit and Parking Plan. It is hereby incorporated into by reference and made a part of the Plan Document.

This Plan Information Appendix is effective beginning January 1st, 2015. This version supersedes all prior Plan Information Appendices with an earlier effective date.

I. EMPLOYER/PLAN SPONSOR INFORMATION

1. Name, address, and telephone number of the Employer/Plan Sponsor:	STATE OF WISCONSIN Department of Employee Trust Funds 801 West Badger Road Madison, WI 53713-2526 608-266-2640 608-267-0633 (F)
2. Name, address, and telephone number of the Plan Administrator:	Same as Employer/Plan Sponsor
3. Employer's federal tax identification number:	39-1555732
4. Controlling Law	Wisconsin
5. Initial Effective Date of the Plan:	January 1, 1990
6. Amended and Restated Date:	January 1, 2015
7. Plan Year:	January 1 through December 31
8. Adopting Employers participating in the Plan:	All State of Wisconsin agencies as defined in Wis. Statute 40.02(54), and all campuses of the University of Wisconsin System
9. Benefit Administrator	Total Administrative Services Corporation (TASC) 2302 International Lane Madison, WI 53704 844-786-3947

II. ELIGIBILITY

All State Employees, including limited term employees, are eligible to participate. Spouses and dependent children are not eligible, nor is any Employee eligible who is enrolled in a State of Wisconsin pre-tax transit, vanpool or parking program. The Employee's commencement of participation in the Plan is conditioned on the Employee properly completing and submitting a Salary Reduction Agreement through an on-line process as set forth in Section 3.02 herein.

III. EXPENSES INCURRED AFTER REVOCATION OF ELECTION

Expenses incurred after the effective date of a Participant's revocation of participation in this Plan may or may not be reimbursed in accordance with the terms of the Plan.

IV. COVERAGE PERIOD

The Coverage Period for which an Election is effective is monthly.

V. MONTHLY LIMITS

Reimbursement of Eligible Transportation Expenses each month is limited to the lesser of the applicable Account Balance or the following (to the extent elected by the Participant):

1. For Commuter Highway Vehicles and Transit Passes, the maximum pre-tax monthly limitation is set forth in Treasury Reg. 1.132-9(b), Q/A 7(a), as indexed for inflation.
2. For Qualified Parking the maximum pre-tax monthly limitation is set forth in Treasury Reg. 1.132-9(b), Q/A 7(b), as indexed for inflation.

VII. SUBSTANTIATION PERIOD

Substantiation is not required for reimbursement of Eligible Transportation Expenses. It is advised that Participants retain receipts related to these expenses for personal records for seven (7) years.

ADOPTION OF PLAN

As witness whereof, the Plan shall be adopted effective as set forth below.

STATE OF WISCONSIN

By: _____

Title: _____

Date: _____

Option A. Amendment to Plan Language:

Pursuant to Article V of the State of Wisconsin, Department of Employee Trust Funds Transit and Parking Plan Document, which allows for the State to terminate or limit participation in the Plan by an Adopting Employer at any time, the following amendments to the Plan Document are adopted by the Group Insurance Board, to be effective May 31, 2018:

1. The PLAN INFORMATION APPENDIX, Section I. EMPLOYER/PLAN SPONSOR INFORMATION, 8. Adopting Employers participating in the Plan, is amended to read:

All State of Wisconsin agencies as defined in Wis. Stat. §40.02(54), not including any campuses of the University of Wisconsin System, effective May 31, 2018.

2. The PLAN INFORMATION APPENDIX, Section II., ELIGIBILITY, is amended to read:

State Employees, including limited term employees, are eligible to participate, with the exception of employees of the University of Wisconsin System. Employees of all campuses of the University of Wisconsin System are excluded from participation as of May 31, 2018, with the exception of Employees of all campuses of the University of Wisconsin System who are participants in the Plan on May 31, 2018. Employees of all campuses of the University of Wisconsin System who are participants in the Plan on May 31, 2018 will no longer be eligible to contribute to the Plan, but will retain unused amounts in their accounts as of that date, subject to ARTICLE III, ELIGIBILITY and PARTICIPATION, Section 3.06, Forfeiture of Unused Amount in Account.

Spouses and dependent children are not eligible, nor is any Employee eligible who is enrolled in a State of Wisconsin pre-tax transit, vanpool, or parking program. The Employee's commencement of participation in the Plan is conditioned on the Employee properly completing and submitting a Salary Reduction Agreement through an on-line process as set forth in Section 3.02.

Option B. Amendment to Plan Language:

Pursuant to Article V of the State of Wisconsin, Department of Employee Trust Funds Transit and Parking Plan Document, which allows for the State to terminate or limit participation in the Plan by an Adopting Employer at any time, the following

Attachment B

amendments to the Plan Document are adopted by the Group Insurance Board, to be effective May 31, 2018:

1. The PLAN INFORMATION APPENDIX, Section I. EMPLOYER/PLAN SPONSOR INFORMATION, 6. Adopting Employers participating in the Plan, is amended to read:

All State of Wisconsin agencies as defined in Wis. Stat. §40.02(54), not including any campuses of the University of Wisconsin System, effective January 1, 2019.

2. The PLAN INFORMATION APPENDIX, Section II., ELIGIBILITY, is amended to read:

State Employees, including limited term employees, are eligible to participate, with the exception of employees of the University of Wisconsin System. Employees of all campuses of the University of Wisconsin System are excluded from participation as of May 31, 2018, with the exception of Employees of all campuses of the University of Wisconsin System who are participants in the Plan on May 31, 2018. Employees of all campuses of the University of Wisconsin System who are participants in the Plan on May 31, 2018 will continue to be allowed to make contributions to the Plan through December 31, 2018, but will no longer be Eligible Employees as of January 1, 2019. Those University of Wisconsin System employees will retain unused amounts in their accounts as of that date, subject to ARTICLE III, ELIGIBILITY and PARTICIPATION, Section 3.06, Forfeiture of Unused Amount in Account.

Spouses and dependent children are not eligible, nor is any Employee eligible who is enrolled in a State of Wisconsin pre-tax transit, vanpool, or parking program. The Employee's commencement of participation in the Plan is conditioned on the Employee properly completing and submitting a Salary Reduction Agreement through an on-line process as set forth in Section 3.02.