



UPCOMING ENROLLMENT DEADLINES:

Next:
Tuesday, February 19, 2013

Future:
Monday, March 18, 2013
Thursday, April 18, 2013

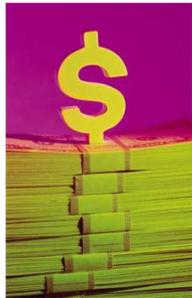


QUESTION OF THE MONTH:

Can tolls be included in my certified commuting cost?

Unfortunately, participants are prohibited from including tolls in their certified commuting cost per DODI 1000.27, page 18.

IRS INCREASES MAXIMUM BENEFIT TO \$245



The Internal Revenue Service issued an annual inflation adjustment to the tax exempt fringe benefit for mass transit. The inflation adjustment increases the recently revised maximum benefit of \$240 per month to \$245 per month for qualified mass transportation. The new maximum benefit amount of \$245 will take effect on 1 April 2013 for Department of Navy Transportation Incentive Program participants.

Do participants need to re-certify their commuting cost or submit an increase form to receive the increased benefit amount? It depends. Participants are always required to certify to their

actual commuting cost on their application (regardless of the maximum benefit). This information is provided to the Department of Transportation (DOT) and stored in the participant's record. DOT will always distribute or load a participant's debit card based on the certified commuting cost on file up to the maximum benefit.

For example, if John Doe pays \$150 to ride a vanpool to and from work each month, he should have certified that his commuting cost each month was \$150. John Doe has been receiving that certified commuting cost up to the maximum benefit of \$125. When the new maximum benefit takes effect on 1 April 2013, John will immediately begin receiving \$150 per month based on his certified commuting cost in his record. If John Doe only put \$125 on his application, then he incorrectly certified his commuting cost and will need to submit an increase/decrease form to re-certify his actual commuting cost of \$150. This change request will take effect on the first day of the second month following the date the change is submitted to DOT (i.e. changes submitted by the end of February will take effect on 1 April, changes submitted by the end of March will take effect on 1 May, etc.)

Participants are only eligible for their actual commuting cost and cannot simply request the maximum benefit. Reviewing officials should request supporting documentation to substantiate sudden increases in the certified commuting cost (e.g. a vanpool invoice).

HOW DO I CALCULATE MY VANPOOL COMMUTING COST?

The cost for using mass transit is straightforward in most cases. If it costs \$5 day to ride the bus, and you ride the bus on average 21 days in the month, then your certified commuting cost would be \$5 times 21 days for a monthly cost of \$105. But most vanpools do not charge a daily rate or provide individual receipts for their riders, making it more difficult to determine a participant's certified commuting cost. Three common mistakes that vanpool participants make when certifying their commuting cost on their application are:

- 1) Participants calculate the cost of driving their privately owned vehicle (POV) to and from work and certify that amount as their commuting cost. This is incorrect. Participants must certify the cost of using mass transit not their own POV.
- 2) Participants put the entire cost of their vanpool on their application. If the riders in the vanpool pay the vanpool company \$1,000 per month, some participants simply include this amount on their application. This is also incorrect. Participants are only eligible to receive transit benefits equal to the cost of one seat in a vanpool; therefore they should not certify their individual commuting cost as the cost for operating the entire vanpool.
- 3) Participants divide the cost of operating the vanpool by the number of riders in the vanpool. For example, if a ten passenger van costs \$1,000 per month and there are eight riders in the van, participants divide the cost of the van (\$1,000) by the number of riders (8) and certify their commuting cost at \$125 per month. This is also incorrect. Again, participants are only eligible to receive transit benefits equal to the cost of one seat in a vanpool; therefore they must divide the total cost of operating the vanpool by the number of seats rather than the number of riders.



The only exception to this policy is when a vanpool chooses to operate with more riders on their rider list than there are seats in their vanpool. Vanpools may choose to do this to ensure that the vanpool always meets the minimum occupancy requirements even while some participants are on leave or travel. In these cases, (for vanpools that do not provide individual receipts) participants are only allowed to certify the actual amount they are required to pay to the vanpool, which would be the total cost of operating the vanpool divided by the number of riders (since there are more riders than seats). For example, if the same ten passenger van that costs \$1,000 had 11 riders, then each rider would be eligible to certify at \$91 per month (\$1,000/11).

For more information on Department of the Navy policy related to vanpools, please check out the Vanpool Policy memo: (http://www.fmo.navy.mil/Divisions/FMO3/transportation_incentive_program.html).

As we transition to the new maximum benefit on 1 April 2013, participants and reviewing officials should ensure that the certified amount on the participant's application is correct and can be substantiated with an invoice or receipt that is on file with the reviewing official. Take these next few weeks to update any incorrect certifications.

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