



**Regional  
Transportation  
Authority**

## **For immediate release**

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### **IRS TO INCREASE TRANSIT BENEFIT AMOUNT FOR 2009**

*Taking advantage of the increase can mean real savings*

Chicago – Commuters and their employers will reap greater tax benefits using transit or vanpools after the Internal Revenue Service increases the amount of pre-tax income used to pay for transit in 2009.

A change in the IRS's policy increases the amount of pre-tax income that employees can use and/or businesses can provide as a fringe benefit to cover the cost of public transit or vanpools up to \$120 a month (\$1,440 per year) beginning January 1, 2009. The current maximum amount is \$115 a month (\$1,380).

Employers can offer their employees who commute this tax savings benefit when they enroll in the RTA/CTA Transit Benefit Fare Program. This program enables employers to use pre-tax dollars to purchase either CTA fare cards or RTA FareChecks which are then distributed to employees to cover the cost of their monthly commute. CTA fare cards can be used to pay for fares on both the CTA and Pace while RTA FareChecks are vouchers that can be redeemed to purchase fare media on the CTA, Metra, Pace, the South Shore Railroad, vanpool and on certain Amtrak routes.

“I encourage employers throughout the region to take advantage of this program as it helps their employees stretch their transit dollars even further,” commented Leanne Redden, RTA Senior Deputy Executive Director of Planning and Regional Programs. “As we continue to face the uncertainties in gas prices and a faltering economy, having this program and the additional allowance increase will mean real savings to the people in northeastern Illinois.”

Under IRS regulations, transit benefits can be provided by an employer either in addition to, or in lieu of, current compensation. These benefits are not, however, allowed to be part of cafeteria plans or flexible spending accounts. Commuter benefits can be used as follows:

1. Beginning January, employers may give their employees up to \$120 a month to commute to work by mass transit or eligible vanpools. The employer pays for the benefit and gets a tax deduction. Employees get the benefit amount tax-free.

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2. Employers may allow their employees to use their pre-tax income to pay for transit or vanpooling. Employers do not pay for the benefit but allow employees to take advantage of the tax savings from using their gross income to pay for qualified commuting expenses. Employees save over \$400, and typically more than \$500 in taxes that they would otherwise pay. Employers see a reduction in their payroll costs on the amount set aside since they do not pay taxes on this amount.

3. Employers may share the cost of commuting with their employees. Employers give their employees some amount of the qualified commuting expenses tax-free and let the employees set aside their gross income to pay the remaining amount up to the federal monthly limit of \$120 a month.

For more information on the RTA/CTA Transit Benefit Fare Program, call 1-800-531-2828 (Accor Services) or log on to [www.rtachicago.com](http://www.rtachicago.com).

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*About the RTA: The RTA provides financial oversight, funding and regional planning for the three public transit operators in Northeastern Illinois: The Chicago Transit Authority (CTA) bus and train, Metra commuter rail and Pace suburban bus and paratransit. For more information, visit [www.rtachicago.com](http://www.rtachicago.com) and [www.MovingBeyondCongestion.org](http://www.MovingBeyondCongestion.org).*