



Payroll & Benefit Services

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TO: University of Colorado at Boulder Employees
FROM: Mark Stanker, Director, Payroll and Benefits Services, University of Colorado
DATE: August 26, 2002
SUBJECT: Pre-Tax Parking Benefit

This memorandum is in reference to a new Pre-Tax Parking benefit program. This program is available to eligible employees who have a payroll deduction for parking.

Changes to the Federal tax law now make it possible for employers to establish the Pre-Tax Parking deduction benefit so that eligible employees who pay for parking by payroll deduction may do so on a pre-tax basis, subject to certain limitations. Qualified parking expenses are limited to a maximum of \$175 per month and for expenses that are paid through payroll deductions to park at designated University of Colorado at Boulder parking facilities.

Pre-tax deductions reduce the amount of taxable income, which in turn, reduces the amount of FICA, Federal and State income taxes. Take-home pay is thereby increased. Tax savings will vary, depending primarily on the amount of the parking deduction and the employee's tax bracket.

For PERA participants, money that is deducted pre-tax on a monthly basis for parking will reduce PERA includable salary. Employees in the last three years of employment may not want to participate in this program because it affects the Highest Average Salary (HAS) calculation. This benefit will also affect contributions to the PERA MatchMaker program.

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Questions regarding the pre-tax application process: Please contact Parking and Transit Services at 303-492-7384.

Questions regarding pre-tax parking benefits: Please contact Payroll and Benefit Services at 303-735-6500.

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