

DIVERSE-CHOICE

Section 132 Benefit Overview

Research Foundation For Mental Hygiene, Inc. Transportation Fringe Benefit Plan



DIVERSIFIED ADMINISTRATION CORPORATION

**Diversified Administration Corporation
369 North Main Street
P.O. Box 299
Marlborough, CT 06447**

**(860) 295-0238 Local
(888) 322-2524 Toll Free**

Section 132 Transportation Fringe Benefits Accounts

A Section 132 Transportation Fringe Benefit Account is a benefit that allows you to use tax-free income to pay for certain kinds of qualified transportation and parking expenses. In brief, your employer withholds funds for this benefit from your income and allocates them to your 132 Transportation Fringe Benefit Account. This money is not subject to federal income taxes, FICA, and in most states is also exempt from state income tax. These funds are then used to cover your eligible out of pocket expenses for mass transit and parking.

In general, the Section 132 Transportation Fringe Benefit Account(s) can be utilized for any transportation or parking expenses that would qualify as a deduction or as a credit on your federal income taxes. To be eligible, these expenses cannot be reimbursable from any other source.

You make direct payment for your eligible commuting expenses as they are incurred each month. You must obtain a receipt for these expenses. Then you can apply for reimbursement for these expenses from your Pre-tax Parking or Transportation Account. This reduces your taxable income.

How to Enroll

An Employee may commence participation on the first day of the Period of Coverage after the eligibility requirements have been satisfied. The election shall be made by submitting an Election Form/Salary Reduction Agreement to the Administrator before the first day of the Period of Coverage in which participation will commence.

Amount of Allowable Parking or Transportation Expenses

Amounts are set annually by the IRS

The maximum pledge/benefit election amount will be reduced by any Employer subsidy that may be provided to you.

Mass Transit Transportation Expenses

Funds allocated to the Mass Transit Transportation Fringe Benefit Account may be used to reimburse any qualified transportation expenses between the employee's residence and place of business. Included are the purchase of tickets or transit passes (meaning a pass, token, fare card, voucher or similar item entitling a person to transportation. For example:

- Expenses for purchase of a mass transit pass or voucher (bus or commuter train).
Bus Services ♦ Commuter Rail Services ♦ Railways (e.g. AMTRAK)
- Expenses for transportation in a commuter highway vehicle.
Ride Share ♦ Vanpool Services
- Expenses for Ferry Services.

For purposes of the plan, the IRS defines a "commuter highway vehicle" as any vehicle for hire that:

- Has a passenger seating capacity for at least six adults.
- Is used to transport employees between their homes and work
- Makes trips during which the number of employees transported to or from work is at least one-half of the adult seating capacity of the vehicle.

Excluded Expenses

IRS guidelines do **not** allow the plan to reimburse you for the following items:

- Gasoline expenses for your personal vehicle.
- Commuting expenses for a spouse or dependent child.

Note for Carpoolers

The IRS allows **only one member** of a car pool to collect pre-tax reimbursement for parking or transportation expenses from this or any other employer sponsored pre-tax parking or transportation plans. So if you are a member of a car pool, you will need to agree with the others in your group on which person will participate in a plan of this type.

Parking Expenses

Funds allocated to the Parking Transportation Fringe Benefit Account can be used to reimburse any qualified parking expenses for facilities on or near the business premises of the employer, or near a location from which the employee commutes to work by mass transit (see above), in a commuter highway vehicle or by carpool. Such expenses would not include any parking on or near property used by the employee for residential purposes. For example:

- Expenses for parking on or near your work location that you incur for your own vehicle or as a member of a car pool.
- Expenses for parking on or near a location from which you commute to work by mass transit or a commuter highway vehicle.

Transportation Expenses must be “incurred” or “paid” during the Monthly Coverage Period

For Transportation expenses to be reimbursed, they must have been “incurred” or “paid” during the monthly Period of Coverage for which the election is in force. A Transportation Expense is *incurred* when the service that gives rise to the expense is provided. A Transportation Expense is paid when you formally pay for the service. A Transportation Expense is not considered paid if you are billed or charged for a service, but have not actually paid for the service. You may not be reimbursed for any Transportation Expenses arising before the Plan became effective, before your Election Form/Salary Reduction Agreement became effective, or for any expenses incurred or paid after termination of employment. You also cannot carry forward unreimbursed expenses to a future Period of Coverage.

What Must I do to be reimbursed for my Transportation Expenses?

You may submit a claim for reimbursement of your eligible parking or transportation expenses throughout the Calendar year. You will have to take certain steps to be reimbursed for your Transportation Expenses. When you incur an expense that is eligible for payment, you must submit a claim to the Administrator on a Reimbursement Request Form that will be supplied to you. You must also include bills, invoices, statements from an independent third party, parking receipts, used transit passes or other evidence of payment showing the amounts of such payments, together with any additional documentation that the Claims Administrator may request, showing that the Transportation Expenses have been incurred or paid, and the amount of such Transportation Expenses.

You will have up to 180 days after the date on which the Transportation Expense was incurred or paid in which to submit a claim for reimbursement. However, if at the end of the plan year you have unreimbursed Transportation Expenses, you will only have up to the earlier of (a) 180 days after the Transportation Expenses were incurred or paid; or (b) March 31st of the following calendar year in which to file for a claim for reimbursement.

You will be reimbursed up to the amount credited on your behalf to the Parking or Transportation Accounts at the time you submit an expense. Any expense that exceeds your account balance will be reimbursed to you when the account balance meets or exceeds the expense.

If the claim amount is under the minimum per check amount of \$10.00, any remaining balance will be dispersed to you at the end of the plan year.

All Parking or Mass Transit reimbursement requests should be filed with the Claims Administrator at the following address:

Diversified Administration Corporation
PO Box 299
Marlborough, CT 06447

Can I use a debit card to pay for my Qualified Parking Expenses?

Yes, you may use a debit card, if one is authorized by your Employer and provided to you by the Administrator, to pay for qualified parking expenses under the following circumstances:

- You must first pay for your Qualified Parking Expenses for the month and then submit a claim for reimbursement;
- You must designate on the Reimbursement Request Form to have the reimbursement credited to your debit card under the Plan, rather than reimbursed to you by check.
- The amount of your reimbursement will be credited to your debit card and may be used by you for Qualified Parking Expenses in later months, so long as you continue to park in the same location and your qualified parking expenses are *the same as* or *less than* the claim you substantiated on the Reimbursement Request form for the initial month.
- If you change the location at which you park or your qualified parking expenses increase, you will need to submit a claim for reimbursement in order to be able to continue using the debit card. The debit card may only be used at parking lots and garages. It may neither be used at any other location nor be used to pay for Transit Pass Expenses or Commuter Highway Vehicle (Van Pool) Expenses.

Can I use a debit card to pay for my Transit Pass Expenses?

Yes, you may use a debit card, if one is authorized by your Employer and provided to you by the Administrator, to pay for your Transit Pass Expenses. You may not use the debit card to pay for expenses other than Transit Pass Expenses.

New Elections Permitted for Future Periods of Coverage

A participant may make a new election for Future Periods of Coverage by submitting a new Election Form/Salary Reduction Agreement to the Administrator. The new election Form/Salary Reduction Agreement must be submitted to the Administrator and must be made before (a) the date on which the Period of Coverage to which it relates commences; and (b) the date on which the Transportation Benefits to which it relates are "provided". Such election will automatically renew for subsequent Periods of Coverage unless

the Participant submits a new Election Form/Salary Reduction Agreement to the Administrator prior to the first day of the next Period of Coverage.

Distribution of Your Account Balance

You can receive the full amount remaining in your account if you leave the company during the year or if you have any money remaining in your account at the end of the year. (You must file a claim to request payment of any unused account balance.) Account balances paid for these reasons will be considered taxable income, as the money was not used to pay for eligible parking or transportation expenses. Should you have remaining funds at the end of the Plan Year and enroll for the following year, your account balance will be credited.

Other Plan Information

General Plan information

- Research Foundation For Mental Hygiene, Inc. Section 132 Transportation Fringe Benefit Plan is the name of the Plan.
- The provisions of the Plan described in this Summary became effective on January 1, 2011.

Employer Information

- Your Employer's name and address are:
Research Foundation For Mental Hygiene, Inc.
Riverview Center
150 Broadway Suite 301
Menands, NY 12204
- The Employer's Tax Identification Number is: 14-1410842

Plan Administrator

- The name, address and telephone number of the Plan Administrator is:
Research Foundation For Mental Hygiene, Inc.
Riverview Center
150 Broadway Suite 301
Menands, NY 12204
Attention: Human Resource Manager
Telephone Number: (212) 265-4446

Claims Administrator

- The Claims Administrator is:
Diversified Administration Corporation
PO Box 299
369 North Main Street
Marlborough, CT 06447
Attn: Flex Department
Telephone Number: 888-322-2524 (Toll-free) or (860) 295-0238
Fax Number: (860) 295-1296 or (860) 295-0340
Email: ebenereim@diversifiedgb.com

PARKING AND TRANSPORTATION ACCOUNT QUESTIONS AND ANSWERS

NOTE: Administration of the Parking and Transportation Pre-Tax Spending Account will be handled in accordance with the following interpretation of the statute. Please remember that the IRS could issue new regulations in the future. If so, the plan must follow IRS regulations.

Q. If I participate in the Parking and Transportation account, and I transfer to a work location where parking is free, can I stop my salary deductions for parking expense?

A. Yes, the current interpretation of the statute allows you to stop your deductions if you are transferred to a new work location.

Q. If I work in a location where free parking is provided at no cost and I transfer to a location where parking or transportation must be purchased, can I start participating in the Parking and Transportation account prior to the next annual enrollment period?

A. Yes, as long as you enroll in the plan for your future parking or transportation expenses within 31 days after you transfer to a new work location.

Q. If I need to stop my deductions due to a job transfer or termination of employment, can I receive a distribution of unused funds in my account balance?

A. Yes, you can submit a claim form and request a distribution of your unused account balance. This distribution will be made promptly upon receipt of your request. Excess account balances distributed in this manner will be taxable income.

Q. Will my Parking and Transportation account be maintained separately from the other Pre-Tax Spending Accounts?

A. Yes, the Medical Spending Account, the Dependent Care Spending Account and the Parking and Transportation Account must be maintained separately. Your salary reductions to these accounts cannot be combined, and funds cannot be transferred from one account to another.

Q. What is the deadline for submitting a Parking and Transportation account claim for reimbursement of a previous plan year expense?

A. All claims for the prior Plan Year for Parking and Transportation expenses must be filed for reimbursement as of the earlier of (a) 180 days after the Parking and Transportation Expenses were incurred or paid, or by February 28th of the following year. Claims submitted after that date for expenses incurred in previous plan year are not eligible for reimbursement.

Q. Can I get reimbursement for gasoline or mileage expenses for my car from the Parking and Transportation account?

A. No, these are not eligible expenses.

Q. Can I include Parking and Transportation expenses for my spouse's commuting costs?

A. No, the Parking and Transportation account covers your expenses only.

Q. I carpool and share parking expenses with my co-worker. Can we both set up a pre-tax Parking and Transportation account for half of the year?

A. No, only one member of a car pool may have a pre-tax Parking and Transportation account. You will need to decide in advance the benefits of carpooling and splitting the cost of parking versus using a pre-tax Parking and Transportation account.

Consider Your Options

The pre-tax Parking or Transportation Accounts are a valuable addition to your employee benefits package. It allows you to pay for your commuting expenses tax-free.

If you have any questions on this benefit, contact Human Resources, or call Diversified Administration Corporation at: **(860) 295-0238**, toll free **1 888 322-2524**, or e-mail **eebenereim@diversifiedgb.com**

Note: The IRS may issue regulations to impose conditions other than those described in this summary – including the forfeiture of unused account balances at termination of employment or at year-end. The company is required to administer this plan in accordance with IRS regulations.