

The Mississippi State University Pre-Tax Parking Deduction Plan

This brochure provides highlights of the Mississippi State University (MSU) Pre-Tax Parking Deduction Plan. Rules governing pre-tax parking plans are set by the Internal Revenue Service (IRS) and supersede this brochure in the event of any discrepancy. If you have questions about the plan, please telephone the Parking Services office at (662) 325-3526 or (662) 325-2661; or, by e-mail, parkingservices@msstate.edu.

Overview

The MSU Pre-Tax Parking Deduction Plan allows you to pay for MSU parking permits with pre-tax dollars. This pre-tax benefit is available only through payroll deduction for qualified parking, as defined by the IRS and established by MSU. If you are eligible, participation in the plan is automatic unless you choose otherwise. Appropriate deductions will be made before federal, state, Social Security, and Medicare taxes are calculated. As a result, your taxable income is reduced, as well as your taxable income reflected on your annual W-2 statement.

The MSU Pre-Tax Parking Deduction Plan will have no impact on your PERS retirement, the Optional Retirement Plan, or any other paid benefits. However, depending on your salary, your Social Security benefits at retirement may be reduced slightly because you will have paid Social Security taxes on a lower wage. (For more information, you may wish to consult your tax advisor or financial planner.)

Who is eligible?

You are eligible to participate in the MSU Pre-Tax Parking Deduction Plan if you are in a benefits-eligible position.

How do I enroll and when is enrollment effective?

New employees are automatically enrolled in the MSU Pre-Tax Parking Deduction Plan. Participation will be effective the first day of the next pay period following your appointment. Your participation will continue from pay period to pay period until you choose to terminate the plan or separate from MSU employment. If you choose not to participate when hired or at any time after you are enrolled, you must complete and submit an MSU Pre-Tax Parking Deduction Election Authorization

form to the Parking Services Office, Mail Stop 9568, or P. O. Box 9525, Mississippi State, MS, 39762; or drop it by the Roberts Building, Lee Boulevard, to end your enrollment and pay for parking through after-tax payroll deduction. (Please contact the Parking Services Office for more information.)

How do I make a change in my enrollment?

You may change your election to participate in the plan at any time. If you decide to discontinue or resume participation, you must complete and submit an MSU Pre-Tax Parking Deduction Election Authorization form to the Parking Services Office. The change will become effective on the first day of the next pay period following your change in election, subject to campus processing time requirements.

What expenses are eligible?

The IRS limits qualified parking expenses to those incurred when you park at or near your work location, or at a location from which you commute to work by car pool. The MSU plan allows a pre-tax benefit only for qualified parking paid for by you through payroll deduction.

How much can I contribute?

For 2005, IRS Code Section 132(f) limits the amount of qualified parking that may be excluded from your taxable income to \$200 per month for a pre-tax parking deduction. This limit may be adjusted annually for cost-of-living increases. Any amount of parking deduction in excess of \$200 will be paid with after-tax dollars.