Commute Expense Reimbursement Account (CERA) Policy

The Commute Expense Reimbursement Account (CERA) is allowed under the Transportation Equity Act for the 21st Century and is regulated by the IRS. Employees who pay to commute to work have the opportunity to set aside a portion of their salary to pay for certain qualified transportation expenses. The employee will not be taxed on amounts set aside and used for qualified expenses.

The City of Salem Commute Expense Reimbursement Account (CERA) is self-administered by the City of Salem and not part of our current 125 cafeteria plan Flexible Spending accounts, although it is similar in nature. When you participate in the CERA program, your state, federal and Social Security taxes are based on your salary after the CERA deduction has been made. This means you will report a smaller income, so you will be paying fewer taxes. These CERA deductions, however, do not decrease your Public Employment Retirement System (PERS) contributions or the amounts of disability income for which you may be eligible. Those earnings are based on gross earnings before the CERA deduction. Employee's future social security benefits may be slightly lower because the amounts set aside for the transportation costs are not subject to FICA tax. In most cases, the reduction in the social security wage base will have a minimal effect on future social security benefits.

Qualified Transportation Expense

- Van Pool – Any highway vehicle that seats at least six adults (not including the driver). In addition, at least 80% of the vehicle mileage will be for transporting employees between home and work.
- Mass Transit – The cost of transit passes for mass transportation to and from work. Qualified amounts include costs of any pass, token, fare card, voucher, or other item that entitles the employee to use mass transit for the purpose of traveling to or from his/her place of work.
- Parking – The cost of employee parking expense at or near the location from which the employee commutes to work by van pool or mass transit. **Does not cover the cost of parking at or near the employee's residence, City of Salem parking structures or lots**. (City of Salem parking is covered under another pre-tax program).

CERA Contribution Limitations are set by the IRS and subject to change by the IRS

- Van Pool $340.00 per month
- Mass Transit $340.00 per month
- Parking $340.00 per month

If I enroll in the CERA program, I understand and will agree to the below guidelines:

- I cannot deduct or claim credit on my income tax return for any of the expenses reimbursed through my CERA.
- That the only claimable expenses are those incurred after the effective date of my CERA.
- That I must submit claim reimbursement for eligible expenses incurred during the plan year (January-December) by March 31st of the following year, or I will forfeit those funds.
- That contributions to CERA automatically stop the first of any pay period I cease to receive earnings during unpaid leave, and deductions will resume when earnings are sufficient to cover the requested CERA contributions.
- To accept full responsibility if I request and receive reimbursement for an expense that is not allowed under IRS regulations.
- That salary reduction amounts will not be subject to Social Security (FICA) tax and may marginally reduce my Social Security benefit upon retirement.
- That the IRS and the City of Salem Commute Expense Reimbursement Account program governs the CERA program and that the CERA program offered through the City of Salem is subject to current government regulations and any future changes in the law.
- That the City of Salem reserves the right to cancel or modify the CERA program.

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Eligibility
All career service employees of the City of Salem are eligible to enroll in CERA.

How to enroll in CERA
Complete the CERA Enrollment form and submit to the Human Resources/Benefits Division prior to the payroll deadline for the pay period.

- **New Employee:**
  Enrollment can become effective the first pay period of the month following your date of hire.
- **Current Employee:**
  You may enroll or make changes to your CERA effective the first pay period of any month.

How to change or cancel my enrollment
The enrollment agreement may be revoked or changed at any time. The employee's enrollment agreement ends upon termination of employment.

- **Contribution Change:**
  To change your contribution amount, please complete the CERA Enrollment form and mark the Change in Contribution box, enter the new payroll deduction monthly amount, and the effective date of the change. The form must be submitted to the Human Resources/Benefits Division prior to the payroll deadline for the pay period.
- **Cancel Contribution:**
  To cancel your contribution, please complete the CERA Enrollment form and mark the cancel contribution box on the form, and the effective date to cancel. The form must be submitted to the Human Resources/Benefits Division prior to the payroll deadline for the pay period.

How to get reimbursed

- Complete the Commute Expense Reimbursement Account (CERA) Claim form. An **original** receipt or invoice is required indicating provider's name, address, dates of service; incurred charges; and payments can only be reimbursed for work-related expenses. You should retain copies of the claim form and supporting documentation for your records as those submitted will not be returned.
- Reimbursements will be paid by check and can be picked up by the department or mailed to your home address on file.
- The maximum you can receive is limited to your account balance. Amounts in excess of your account balance will be put on hold until additional deposits are made. Requests will be reimbursed in the order received.

Please review the information before you make your decision to participate in the Commute Expense Reimbursement Account (CERA) program. If you have additional questions or need assistance regarding CERA, contact the Human Resources/Benefits Division at (503) 588-6162 or email benefits@cityofsalem.net.