



**TRANSITCENTER, INC. PROVIDES GUIDANCE TO EMPLOYERS ON
NEW IRS RULINGS FOR TAX-FREE COMMUTER BENEFITS**

*Higher Pre-Tax Deductions for Transit and Parking, Greater Focus on Compliance
Mean Changes are Ahead for Employers and Commuters*

*TransitCenter Meets Highest Levels of Compliance for Card-based Benefits Products
Under New IRS Requirements*

New rulings from the Internal Revenue Service on tax-free commuter benefits programs mean important changes are ahead for employers and commuters, according to TransitCenter, Inc., the nation's leading provider of tax-free commuter benefits. The IRS last month announced a \$5 increase in the maximum allowable monthly tax-free amount to pay for transit to \$110, and for commuter parking to \$215 starting in 2007. It also set new guidelines to ensure the compliance of increasingly popular card-based commuter benefits products.

Commuter benefits programs are offered by employers to employees, and enable employees to save money on their commutes by setting aside pre-tax dollars to pay for commuting costs. Larry Filler, president and CEO of TransitCenter, which created the commuter benefits industry with the launch of the nation's first commuter benefits program, TransitChek® in 1987, has been a leading advocate for increasing the maximum pre-tax transit contribution over time from \$15 in 1987 to where it is today at \$110.

TransitCenter has been instrumental in the evolution of commuter benefits to include payment card-based products, and has taken industry-leading steps to ensure that its offerings are fully compliant under IRS guidelines. The new IRS ruling, which takes effect Jan. 1, 2008, states that a card used to provide commuter benefits must be restricted for use at merchant terminals at points of sale at which only transit fare media, tickets and passes, are sold. Only these cards, which limit transactions to locations such as ticket vending machines and ticket windows that only sell transit passes, will be fully compliant under the new IRS regulations, and therefore will not require any additional substantiation by employers or employees to validate that the benefit is being used for its intended purpose.

TransitChek[®] Programs Meet New IRS Compliance Standards for Commuter Benefits

TransitCenter's TransitChek[®] Card[™], a prepaid Visa[®] card introduced in 2006, is the most recent addition to the TransitChek[®] suite. The TransitChek Card is the nation's first anonymous, commuter benefits prepaid Visa card that adheres to the IRS standard of restricting use of prepaid cards to locations that only sell fare media. TransitCenter's TransitChek QuickPay[®] Card, a reloadable prepaid Visa card, also offers full compliance with the new IRS regulation. Prepaid cards from other commuter benefits providers are often restricted by Merchant Category Codes (MCCs), general classification codes assigned to merchants for debit and credit card purchases, which do not indicate whether a merchant sells other merchandise in addition to fare media. According to the IRS these are MCC-restricted cards therefore will not be compliant with the new IRS regulations, and will be treated as cash reimbursement programs by the IRS, meaning that they must be supported by a bona fide reimbursement system that includes claim forms and receipts completed by the employer and employee.

“The ability to set aside even more pre-tax dollars for transit and parking costs in 2007 is welcome news for everyone dealing with the rising costs of commuting,” Filler said. “An increased focus on the compliance of commuter benefits programs is another factor that all stakeholders – benefits providers, employers and employees – will need to be attentive to in the years ahead. Employers in particular need to take a close look at whether the cards they offer are compliant and consider what steps they may need to take to get there.”

The IRS ruling gives commuter benefits providers one year to make their card offerings compliant. The IRS also indicated that cards that are compliant with these new standards that are “readily available” to employers will preclude the use of cash reimbursement mechanisms such as unrestricted cards.

Under the new IRS guidelines, starting in 2008 employers will be able to offer employees card-based commuter benefits products under the following models:

- Smart cards issued by transit systems that can only be used to purchase fares for that system;
- Cards that are restricted to point of sale purchases of fare media only; or
- In such case that a transit voucher or fare media restricted card is not readily available, MCC-restricted cards may be provided, if substantiation procedures are followed by both employee and employer to prove that transactions are transit-related.

About Tax-Free Commuter Benefits

Since 1993, employers have been able to offer employees a tax-free benefit for commuting by transit and eligible vanpools or to pay for commuter parking under IRS tax code section 132(f). Tax-free commuter benefits can be structured as an employee-funded pre-tax payroll deduction; as an employer-funded benefit; or the costs can be shared by employer and employee. The benefit can be delivered in the form of transit provider-specific passes, universally accepted vouchers and terminal-restricted cards, or through a reimbursement model under specific conditions defined by the IRS. The TransitChek Prepaid Visa Cards are issued by BankFirst, Sioux Falls, SD; Member FDIC.

About TransitCenter

A nonprofit corporation, TransitCenter specializes in tax-free commuter benefits, transit information and assistance for employers and commuters nationwide. TransitCenter introduced the nation's first tax-free commuter benefits program in 1987 to encourage more people to use mass transit to protect the environment, preserve natural resources and improve the quality of life where people work and live. Today, more than 11,000 employers and 500,000 employees participate in TransitCenter's TransitChek commuter benefits programs as a convenient, money-saving way to pay for commuting.

For 20 years, TransitCenter has worked hand-in-hand with transit providers, communities and employers to make mass transit more accessible. Independent since 2001, TransitCenter was founded in 1986 as a joint alliance of leading public transit providers. A deep heritage in transit drives TransitCenter's continued commitment to bringing new innovations to employers and transit riders that participate in TransitChek tax-free commuter benefits programs. Learn more by visiting www.transitcenter.com.

About BankFirst

BankFirst is a progressive bank specializing in reliable, innovative payment services and competitive deposit products for consumers nationwide. After over 75 years, BankFirst continues to provide innovative solutions by focusing on stored value cards and related services since 2001; BankFirst is now recognized as a leader and pioneer in this emerging industry. BankFirst is chartered in Sioux Falls, SD, with offices in neighboring AZ, and Minneapolis, MN. For more information visit www.mbfstoredvalue.com

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