

HealthEquity Commuter Pre-tax Credits

Subject line: Your HealthEquity Commuter Pre-tax Credits are now available!

Great News! The information detailed below will explain the process.

What are Commuter Pre-tax Credits?

You are receiving this communication because you had a pre-tax commuter balance remaining on the prior commuter benefits platform that has been posted to your account on the new platform. This credit balance will be applied to your account as a **commuter pre-tax payroll credit**. The credit balance will be available and applied to your future order.

How do I use commuter pre-tax credits in the HealthEquity system if I have a transit and a parking election?

- To use commuter pre-tax credits, you must be an active employee at your company.
- You must be enrolled for a monthly commuter election in the HealthEquity system (transit and/or parking).
- Credits appear on your HealthEquity Dashboard and Program Details page.
- The image below is how a pre-tax commuter credit will appear on your HealthEquity Dashboard.

The screenshot shows the HealthEquity dashboard for Jonathan Diggs (10401340). The main section is titled "Commuter - Transit 2020" and includes options to "Place Transit Order", "Place Vanpool Order", and "Manage Cards". A "Transit Orders" card shows "12 days left to order" with an order by date of 03/10/2022. A "Commuter Card Balances" card shows a total balance of \$331.95, with pre-tax transit of \$125.00 and post-tax of \$134.46. A "Savings" card shows an estimated savings of \$594.00 YTD. A "Transit Balances" card shows a "Pay Me Back" amount of \$36.86 and "Credits" of \$140.33. A red arrow points from the "Credits" amount to the "Commuter - Transit 2021" order in the "SPONSORED ACCOUNTS" section. The "RECENT ACTIVITY" table shows three transactions: ODTA Keycard (Pending, \$20.41), ODTA 10 trip tickets (In Progress, \$5.55), and ODTA Keycard (Mailed, \$20.41).

- Commuter credits are applied to reduce your future pre-tax payroll deductions.
 - If you have a transit order, the credit balance will be applied to reduce your pre-tax payroll deductions for your month's benefit order. The same would be true for a parking order. If you have both a transit and parking order, any available credits are applied towards the benefit type of the credit's original source. Any remaining credit is applied towards the other benefit type. For example, a credit created from a transit election would be applied towards the transit benefit first and then towards the parking election. In

general, the intention is to use up any available credits by applying them to a similar benefit type first.

- If your current order in the HealthEquity system exceeds the pre-tax limit, the after-tax deduction portion of the order would still apply.
- Let's look at two different scenarios on how you can use commuter pre-tax credits.

Example 1	Example 2
You have a commuter pre-tax credit for \$200.	You have a commuter pre-tax credit for \$350.
You have a monthly commuter pre-tax election in the HealthEquity system for \$80.	You have a monthly commuter transit election in the HealthEquity system for \$300. (Note: \$280 is the pre-tax limit based on 2022 IRS limits and \$20 is the remaining post-tax difference.)
You will have NO payroll deductions for the first and second month after your pre-tax credits are loaded into the HealthEquity system.	You will have NO pre-tax payroll deductions for the first month after your pre-tax credits are loaded into the HealthEquity system. You WILL have a \$20 post-tax payroll deduction from your paycheck since credits can only be applied up to the IRS monthly pre-tax limit.
In the third month, if your order stays the same, then a \$40 credit will be applied and a \$40 pre-tax payroll deduction will be processed from your paycheck.	In the second month, if your order stays the same, then a \$70 credit will be applied; a \$210 pre-tax payroll deduction and a \$20 post-tax payroll deduction from your paycheck will be taken.
In the fourth month, if your order stays the same, then a full \$80 pre-tax deduction will be processed from your paycheck since you have exhausted all of your pre-tax commuter credits at this point.	In the third month, if your order stays the same, then a full \$280 pre-tax payroll deduction and a full \$20 post-tax payroll deduction will be processed from your paycheck since you have exhausted all of your pre-tax commuter credits at this point.

More information about Commuter Credits

- There is no expiration date on commuter credits.
- You can never file claims against pre-tax commuter credits. You can only use pre-tax commuter credits towards your future pre-tax portion of your commuter election. When you terminate employment with your company, you have 180 days after the expense was paid to file claims against Pay Me Back (PMB) parking balances, but not credits. Credits are forfeited to your employer and cannot be given back to you under applicable IRS Rules and Regulations.

HealthEquity does not provide legal, tax or financial advice.

Sincerely,

Your HealthEquity team