



AMERICAN BENEFITS GROUP

My Commuter Connect

Commuter Benefits Tax Savings Calculator

HOW TO CALCULATE EMPLOYEE SAVINGS

1. Locate your federal tax bracket (%) in **Table 1** based on your annual household income (25% is the most common*).
2. Locate your tax bracket column in **Table 2**, and follow it down to see a breakdown of your transit or parking savings.

Table 1 - Federal Tax Brackets

Household Income Range		
%	Married	Single
10%	Under \$18,151	Under \$9,076
15%	\$18,151 - \$73,800	\$9,076 - \$36,900
*25%	\$73,801 - \$148,850	\$36,901 - \$89,350
28%	\$148,851 - \$226,850	\$89,351 - \$186,350
33%	\$226,851 - \$405,100	\$186,351 - \$405,100
35%	\$405,101 - \$457,600	\$405,101 - \$406,750

Table 2 - Commuter Benefit Tax Savings

	10%		15%		*25%		28%		33%		35%	
	T	P	T	P	T	P	T	P	T	P	T	P
Transit or Parking Benefit <i>(monthly maximum)</i>	\$130	\$250	\$130	\$250	\$130	\$250	\$130	\$250	\$130	\$250	\$130	\$250
Federal Income Tax Saved	\$156	\$300	\$234	\$450	\$390	\$750	\$437	\$840	\$515	\$990	\$546	\$1050
FICA Savings (Social Security + Medicare)	Social Security		\$97	\$186	\$97	\$186	\$97	\$186	\$0**	\$0**	\$0**	\$0**
	Medicare		\$23	\$44	\$23	\$44	\$23	\$44	\$23	\$44	\$23	\$44
State/City Income Tax Saved <i>(varies by state; assumes 6%)</i>	\$94	\$180	\$94	\$180	\$94	\$180	\$94	\$180	\$94	\$180	\$94	\$180
Total Annual Employee Savings	\$370	\$710	\$448	\$860	\$604	\$1160	\$554	\$1064	\$632	\$1214	\$663	\$1274
Percent Saved	23.7%		28.7%		38.7%		35.5%		40.5%		42.5%	

HOW TO CALCULATE EMPLOYER SAVINGS

		Annual Employee Salary	
		\$117,000 or less	\$117,001 or more
FICA Savings	Social Security	\$186	\$0
	Medicare	\$44	\$44
Total Annual Employer Savings		\$230	\$44
Percent Saved		7.65%	1.45%

NOTE: Employees in the most common tax bracket who receive BOTH transit and parking benefits (\$380/mo) can save an annual maximum total of \$1,764 (\$604 for transit + \$1,160 for parking). The savings from monthly benefit levels below \$250 can be calculated proportionally. In specific situations, further savings may result from other salary-linked costs such as unemployment, disability, retirement, workers compensation or wage taxes.

The Social Security tax limit (Employee - 6.2% and Employer - 6.2% up to \$117,000 for 2014) rises annually. Medicare is 1.45% with no limit. In addition, wages paid in excess of \$200,000 are subject to an extra 0.9% Medicare tax. Employers will not pay the extra tax.

**\$186 annual savings in employee Social Security tax also applies to singles in the 28% bracket with income below \$117,000, and for spouses earning less than \$117,000 in the 28%, 33%, 35% or 39.6% married brackets.

Consult tax advisor for specific advice.

Relationship Between Employee Participation Rates & Payroll Tax Savings

