

Northwestern University  
Pre-tax CTA Chicago Card Plus and RTA Transit Checks

Pre-tax transit expense

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The expenses of public transit and parking for commuting to work have been made eligible for exclusion from income before calculating taxes, according to federal legislation passed in 1998. The University makes the tax exclusion for public transit available to Northwestern faculty and staff who apply for it as described below, and the exclusion of parking from taxation is automatic for those who pay for parking through payroll deduction. This exclusion has the effect of lowering the cost of public transit and parking for those commuting to work at the University.

Payroll deduction

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The University provides this service to benefits-eligible faculty and staff by deducting University parking fees and transit expense from gross pay before calculating taxes, similar to the way health insurance premiums are deducted before calculating taxes.

Employees paid biweekly will see the parking or transit deduction in the month's second paycheck.

Tax savings

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Paying transit and parking expenses with pre-tax dollars lowers the cost of public transportation and parking. How much lower depends on the individual's marginal federal income tax rate (the rate at which the last dollar of taxable income is taxed), which is affected by exemptions, filing status, family income, and possibly other items. The tax savings usually lower the cost by 25-36%.

Purchasing transit checks and purchasing Chicago Card Plus

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**Payroll deduction authorization.** The tax savings on transit requires deduction of the transit check or Chicago Card Plus amount from personal gross earnings before the calculation of taxes. The deduction must be authorized by the individual by the 5<sup>th</sup> of the month in which the deduction is to be taken. Orders received after the 5<sup>th</sup> take effect in the following month. Initial enrollment for Chicago Card Plus takes an additional month for the CTA to record the information and mail you the card. This authorization can be done with the forms that follow here and also available at <http://www.northwestern.edu/hr/payroll>. The completed forms must be delivered or sent to the Payroll Division, 720 University Place, Evanston Campus. You must complete both the CTA form and Northwestern's form for initial enrollment. Credit card information on the CTA form should be ignored as this is not required.

**Changes and cancellations.** A cancellation of the deduction or a change in the dollar value of the Chicago Card Plus or transit check must also be received by the 5<sup>th</sup> of the month in order to take effect in the pay checks issued during the remainder of that month. Refunds for late cancellations or changes are not available.

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## CTA Chicago Card Plus

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The Chicago Card Plus is loaded with the value of the payroll deductions by the 1<sup>st</sup> of the month following when the deduction is taken. For pay-per-use participants, there is a \$2 bonus for every \$20 loaded to their account.

CTA Chicago Card Plus is loaded with the denomination requested on the deduction authorization form. A 30-day pass with unlimited use on the CTA is also available. The Chicago Card Plus card is mailed to your home by the CTA and will then be reused each month with new deductions loaded by the CTA by the first of the next month following the deduction.

The CTA Chicago Card Plus is used to pay fares by simply touching the Chicago Card Plus to the touchpad on the front of rail station turnstiles and bus fareboxes on all CTA and Pace buses. The value of the fare is deducted from the balance on the card.

If a CTA Chicago Card Plus is lost, the owner can call the CTA which will cancel the card so that turnstiles will not accept it. The CTA will issue a card for the balance on the card at the time it was lost.

Monthly deductions for CTA Chicago Card Plus are available in amounts of \$30, \$45, \$60, and \$80; and a CTA Chicago Card Plus with a 30-Day Pass is available for \$86.

## RTA transit checks

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Monthly deductions for RTA transit checks are available in amounts between \$30 and the legal maximum of \$230 in even increments of \$10.

An RTA transit check is mailed to the employee's home address before the last day of the month when the deduction is taken from the paycheck and should arrive in time to purchase tickets for the following month. The individual can examine the stub of the pay check to verify that the transit deduction was taken.

The RTA transit check is used to purchase PACE, South Shore, or Metra tickets. The check is made payable to the order of "sellers of CTA, METRA, and PACE fare mediums." It has the cash value of the purchase for anyone who presents the check to the ticket seller, even if the employee loses the check and someone else finds it and uses it for ticket purchase. However, the transit check can only be used to buy transit tickets and does not have cash value for any other purpose.

**Use of transit checks.** Transit checks may be used to pay for monthly tickets, or discounted tickets such as Metra 10-ride tickets. Transit checks can be used in combination with cash or personal checks if needed for your ticket purchase. The entire amount of the transit check must be spent when the check is used. If the ticket purchase is less than the value of the check, no change is returned. Transit checks are valid for 13 months from the date of issue. Transit checks are mailed at the end of the month when the deduction is taken from the paycheck, and they arrive at home in time to purchase tickets for the month following the deduction. You can also request on the form that transit checks be mailed to your work location, Chicago Payroll office, or Evanston Payroll office.

A few participants have reported problems with mail delivery. As with the Metra Ticket-by-Mail plan, the transit checks have the value of the tickets they are intended to purchase. Participants may need a secure mail box if there is a problem with delivery of items of this value, just as they do for tickets received through the Metra Ticket-by-mail program or for other valuable items received in the mail. There are no refunds for lost transit checks, whether lost in the mail or otherwise.

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