

**STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
QUALIFIED TRANSPORTATION ACCOUNT PROGRAM**



PLAN DOCUMENT

January 1, 2017

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OFFICE OF THE STATE COMPTROLLER
QUALIFIED TRANSPORTATION ACCOUNT**

**ARTICLE 1
INTRODUCTION**

1.01 PLAN

This Plan is intended to qualify as a qualified transportation expense reimbursement plan under Internal Revenue Code section 132(f). The purpose of the Plan is to provide and/or reimburse Participants for Qualified Transportation Expenses that are excludible from the Participants' gross income under Code section 132(a)(5).

1.02 APPLICATION OF PLAN

Except as otherwise provided herein, this Plan applies to Eligible Employees of the State of Connecticut on or after the Effective Date.

1.03 PLAN SPONSOR

Name of adopting employer (Plan Sponsor): State of Connecticut.

1.04 GENERAL PLAN INFORMATION

(a) Plan name: State of Connecticut Qualified Transportation Account Program.

(b) Plan Year means each 12-consecutive month period beginning on January 1 and ending on December 31st.

(c) Qualified Transportation Expenses include Transportation in a Commuter Highway Vehicle, Transit Passes and Qualified Parking.

(d) Transit passes (as defined in Section 5.01) are not readily available and any Transit Pass for which reimbursement is sought will be purchased by Participants.

1.05 ELIGIBILITY

(a) The term Eligible Employee shall include active Employees who work either full time or at least 0.5 full time equivalent ("FTE") and commute to and from work using public transportation and/or incur parking expenses.

(b) An Eligible Employee shall become eligible to participate in the Plan the first day he becomes an employee working at least half time (0.5 FTE-Full Time Equivalent).

1.06 PLAN OPERATIONS

(a) Participants may modify, start, or stop elections monthly. Pursuant to Section 4.01(b) the Plan Administrator will not provide for automatic elections.

(b) Claims for reimbursement for an active Participant must be filed with the Plan Administrator within 180 days following the date the expense is paid by the Participant. Any receipt submitted beyond 180 days will not be accepted.

(c) Claims for reimbursement of Qualified Transit Expenses by a Terminated Participant must be submitted to the Plan Administrator within 90 days following the date of Termination. Any receipt submitted beyond 90 days will not be accepted.

(d) The State of Connecticut will not contribute to the Plan.

(e) The Plan Administrator is Progressive Benefit Services, LLC or such successor as may be appointed by the Plan Sponsor.

ARTICLE 2 DEFINITIONS

2.01 "Account" means the balance of an account established for each Participant as of the applicable date. "Account" or "Accounts" shall include a Transportation Expense Account as defined under Code Section 132(f).

2.02 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.03 "Compensation" means the salary or wages paid to the Participant by the Employer during the Plan Year for services rendered.

2.04 "Dormant Account" means a Participant Account that has not had any new salary reduction deposits for at least 12 months and has not been used for reimbursement of Qualified Transportation Expenses for at least 12 months.

2.05 "Effective Date" means the date when this Plan Document becomes effective, January 1, 2017.

2.06 "Eligible Employee" means any Employee who has satisfied the provisions of Sections 1.05 and 3.01. An individual shall not be an "Eligible Employee" if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by the Employer on its payroll records are not "Eligible Employees" and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors. Per diem, sessional, temporary or seasonal workers, adjunct faculty and graduate assistants are not Eligible Employees.

2.07 "Employee" means any individual who is employed by the Employer. The term "Employee" shall not include independent contractors or rehired retirees.

2.08 "Employer" means the State of Connecticut. In addition, where appropriate, the term Employer may include any Participating, Affiliated or Adopting Employer.

2.09 "Participant" means an Eligible Employee who has elected to participate in the Plan in accordance with Articles 3 and 4.

2.10 "Plan Administrator" means Progressive Benefit Services, LLC or any successor firm that may be so designated pursuant to Section 6.01.

2.11 "Plan Sponsor" means the State of Connecticut as described in Article 1.

2.12 "Plan Year" means the 12-consecutive month period described in Article 1.

2.13 "Pre-Paid Benefits Card" means a special purpose debit card that is loaded with a Participant's account balance and may be used to pay for eligible Parking and Transit Expenses. When the card is used to pay for eligible expenses, funds are automatically withdrawn from the Participant's account balance.

2.14 "Qualified Parking" includes parking provided in automobile parking lots and garages: (i) on or near the employer's business premises; or (ii) at a location from which the employee commutes to work. Parking on or near the employer's business premises includes parking on or near a work location at which the employee provides services for the employer. Qualified Parking does not include: (1) the value of parking provided to an employee that is excludable from gross income under Code section 132(a)(3) (as a working condition fringe benefit), (2) reimbursement paid to an employee for parking costs that is excludable from gross income as an amount treated as paid under an accountable plan in accordance with Treas. Reg. 1.62-2, or (3) parking on or near property used by the employee for residential purposes.

2.15 "Qualified Transportation Expenses" means the expenses described in Article 1.

2.16 "Termination" and "Termination of Employment" means any absence from service that ends the employment of the Employee with the State of Connecticut.

2.17 "Transit Pass" means any pass, token, fare card, voucher, or similar item (including an item exchangeable for fare media) that entitles a person to transportation: (i) on mass transit facilities (whether or not publicly owned); or (ii) provided by any person in the business of transporting persons for compensation or hire in a highway vehicle with a seating capacity of at least six adults (excluding the driver).

2.18 "Transportation Expense Account" means the Account established with respect to the Participant's election to have Qualified Transportation Expenses paid by the Plan pursuant to Section 4.01.

2.19 "Transportation in a Commuter Highway Vehicle" means transportation provided to a Participant in connection with travel between the Participant's residence and place of employment. A commuter highway vehicle is a highway vehicle with a seating capacity of at least six adults (excluding the driver) and with respect to which at least 80 percent of the vehicle's mileage for a year is reasonably expected to be: (i) for transporting employees in connection with travel between their residences and their place of employment; and (ii) on trips during which the number of employees transported for commuting is at least one-half of the adult seating capacity of the vehicle (excluding the driver). Notwithstanding the foregoing, Transportation in a Commuter Highway Vehicle shall include transportation provided by a van pool within the meaning of Treas. Reg. 1.132-9(b) Q&A-21 and any superseding guidance.

ARTICLE 3 PARTICIPATION

3.01 PARTICIPATION

Each Eligible Employee who meets the eligibility requirements set forth in Article 1 and makes benefit elections pursuant to Article 4 shall be a Participant in the Plan.

3.02 TRANSFERS

If a change in job classification or a transfer results in an individual no longer qualifying as an Eligible Employee, such Employee shall cease to be a Participant for purposes of Article 4 (or shall not become eligible to become a Participant) as of the effective date of such change of job classification or transfer; unless otherwise provided by the Plan Administrator. Should such Employee again qualify as an Eligible Employee, he shall become a Participant at such time as determined by the Plan Administrator. If an Employee who was not previously an Eligible Employee becomes an Eligible Employee, he shall become a Participant on the first entry date following the later of the effective date of such subsequent change of status or the date the Employee meets the eligibility requirements of this Article 3.

3.03 TERMINATION AND REHIRES

(a) Participants. If a Participant has a Termination of Employment, such Employee shall cease to be a Participant for purposes of Article 4 as of his Termination of Employment. Unless otherwise provided by the Plan Administrator, if an individual who has satisfied the applicable eligibility requirements set forth in Article 3 as of his Termination date, and who is subsequently reemployed by the State of Connecticut as an Eligible Employee, shall resume or become a Participant at such time as may be determined by the Plan Administrator.

(b) Non-Participants. An Eligible Employee who has not satisfied the applicable eligibility requirements set forth in Article 3 on his Termination date, and who is subsequently reemployed by the State of Connecticut as an Eligible Employee, shall be eligible to participate on the first entry date following the later of the effective date of such reemployment or the date the individual meets the eligibility requirements of this Article 3.

3.04 PROCEDURES FOR ADMISSION

The Plan Administrator shall prescribe such forms or processes and may request such data from Participants as are reasonably required to enroll a Participant in the Plan or to effectuate any Participant elections made pursuant to Article 4.

ARTICLE 4 ACCOUNTS

4.01 TRANSPORTATION EXPENSE ACCOUNT

(a) In General. Each Participant may choose to receive either a fixed amount of Compensation at a specified future date or a fixed amount of Qualified Transportation Expenses to be provided for a specified future period. The Participant's election must be completed in writing or another form, such as electronic enrollment, that includes, in a permanent and verifiable form, the information required to be in the election. The election must contain the date of the election, the amount of the Compensation to be reduced, and the period for which the benefit will be provided. The election must relate to a fixed dollar amount. An election to reduce Compensation for a period by a set amount for such period may be automatically renewed for subsequent periods. Elections may be modified in the manner specified in Article 1.

(b) Automatic Elections are not permitted. Pursuant to procedures established by the Plan Administrator, a compensation reduction election is required to elect to receive Qualified Transportation Expenses in lieu of Compensation. To the extent permitted by applicable regulations, the Plan Administrator may allow the use of its online enrollment facility to make Participant elections hereunder.

(c) Transportation Expense Account. Each Participant's Transportation Expense Account will be credited with amounts withheld from the Participant's Compensation pursuant to

Section 4.05; and will be debited for amounts applied for Qualified Transportation Expenses pursuant to Article 5. However, the Plan Administrator will not direct the State of Connecticut to pay any amounts from the Transportation Expense Account to the extent such payment exceeds the balance of a Participant's Transportation Expense Account.

(d) Maximum Election. Each month, the amount of the Compensation reduction may not exceed the combined applicable monthly maximum reimbursements specified in Section 4.02 for Transportation in a Commuter Highway Vehicle, Transit Passes and Qualified Parking, to the extent that each is a Qualified Transportation Expense.

(e) Minimum Election. The minimum amount of the Compensation reduction is \$20 per month.

4.02 MONTHLY MAXIMUM PAYMENT

The monthly payments from a Participant's Transportation Expense Account shall not exceed the amounts specified below:

(a) Transportation in a Commuter Highway Vehicle and Transit Passes. A Participant may receive the maximum amount permitted under Code section 132(f)(2) for payment of expenses relating to Transportation in a Commuter Highway Vehicle and Transit Passes.

(b) Qualified Parking. A Participant may receive the maximum amount permitted under Code section 132(f)(2) for reimbursement of expenses relating to Qualified Parking.

(c) Combination. The Plan may reimburse Qualified Parking benefits in addition to those for Transportation in a Commuter Highway Vehicle or purchase of Transit Passes.

(d) Cost-of-living adjustments. The amounts in Subsections (a) and (b) are adjusted annually to reflect cost-of-living.

4.03 FORFEITURES/TRANSFERS

(a) Compensation Reduction Amounts are not Refundable. Unless an election is revoked in a manner consistent with Section 4.04(b), a Participant may not subsequently receive the Compensation in cash or any form other than by payment of Qualified Transportation Expenses.

(b) Carry forward. A Participant may carry over unused compensation reduction amounts to subsequent periods. A participant may not use carried-over compensation reduction amounts to exceed the monthly payment limits specified in Section 4.02.

(c) Dormant Accounts, as defined in Section 2.04, will be assessed an amount equal to the account maintenance fees billed to the Employer for the preceding Plan Year to maintain such account to the extent of any balance remaining on March 31st.

(d) Forfeitures. Any balance remaining in a Participant's Account on his date of Termination of Employment shall be forfeited and shall remain the property of the State of Connecticut. However, no forfeiture shall occur until expiration of the 90-day period for submission and payment of Qualified Transit Expenses.

4.04 ELECTIONS

(a) Timing of election. The compensation reduction election must be made before the Participant is able currently to receive the cash or other taxable amount. The determination of whether the Participant is able currently to receive the cash does not depend on whether it has been constructively received for purposes of the Internal Revenue Code. The election must specify that the period (such as a calendar month) for which the Qualified Transportation Expenses will be provided must not begin before the election is made. Thus, a compensation reduction election must relate to Qualified Transportation Expenses to be provided after the election. For this purpose, the date when a Qualified Transportation Expense is provided is:

(i) The date the Participant receives a voucher or similar item; or

(ii) In any other case, the date the Participant pays for the Qualified Transportation Expense.

(b) Revocation by Participant. A Participant may not revoke a compensation reduction election after the Participant is able currently to receive the cash or other taxable amount. In addition, the election may not be revoked after the beginning of the period for which the Qualified Transportation Expense will be provided.

(c) Revocation by Plan Administrator. If the Plan Administrator determines that the Plan may fail to satisfy any requirement or any limitation imposed by the Code, the Plan Administrator may modify any election in order to assure compliance with such requirements or limitations.

(d) Automatic Termination of Election. Any election made under this Section shall automatically terminate on the date specified in Sections 3.02 or 3.03.

(e) Procedures. A Participant shall make the elections described in this Section in such form and manner as may be prescribed by the Plan Administrator and at such time in advance as the Plan Administrator may require. Such procedures may include, without limitation, a minimum annual and per-pay period contribution amount and a maximum contribution per pay-period amount consistent with applicable monthly limits, pursuant to Section 132(f)(2) of the Code.

ARTICLE 5
REIMBURSEMENTS

5.01 PROCEDURES FOR REIMBURSEMENT

(a) No Prepayment. Payment may not be made before the date an expense has been incurred or paid. In addition, reimbursement may not be made solely upon a Participant certifying in advance that the Participant will incur expenses at some future date.

(b) Timing of Claims. Claims must be submitted within 180 days after the Participant pays the expense or such other earlier date as may be specified in Article 1. In the case of a Terminated Participant, claims must be submitted within 90 days of the date of Termination; any funds remaining in the Account after expiration of the 90-day period will be forfeited to the Employer.

(c) Payment. The Plan Administrator shall establish a schedule, not less frequently than annually, for the payment of claims. The Plan Administrator may provide that payments/reimbursements of less than a certain amount may be carried forward and aggregated with future claims until the reimbursable amount is greater than such minimum, provided, however, that the entire amount of payments/reimbursements outstanding at the end of the Plan Year shall be reimbursed without regard to the minimum payment amount.

(d) Death. If a Participant dies, his beneficiaries or his estate may submit claims for expenses or benefits for the portion of the Plan Year preceding the date of the Participant's death. A Participant may designate a specific beneficiary for this purpose. If no such beneficiary is specified, the Plan Administrator may pay any reimbursement due hereunder to the Participant's spouse, one or more of his or her dependents or a representative of the Participant's estate. Such payment shall fully discharge the Plan Administrator and the State of Connecticut from further liability on account thereof.

(e) Form of Claim/Notice. All claims and notices shall be made in written form unless the Plan Administrator provides procedures for such claims and notices to be made in electronic and/or telephonic format to the extent that such alternative format is permitted under applicable law.

(f) Refunds/Indemnification. If the Plan Administrator determines that any person has directly or indirectly received excess payments/reimbursements or has received taxable payments/reimbursements (the "Claimant"), the Plan Administrator shall notify the Claimant and the Claimant shall repay such excess amount (or at the option of the Plan Administrator, the Claimant shall repay the amount that should have been withheld or paid as payroll or withholding taxes) as soon as possible, but in no event later than 30 days after the date of notification. A Claimant shall indemnify the State of Connecticut for any liability the State of Connecticut may incur for making such payments, including but not limited to failure to withhold or pay payroll or withholding taxes from such payments or reimbursements. If the Claimant fails to timely repay an excess amount and/or make sufficient indemnification, the Plan

Administrator may: (i) to the extent permitted by applicable law, offset the Claimant's salary or wages, and/or (ii) offset other benefits payable hereunder.

(g) Transit Passes. Cash reimbursement may be made for Transit Passes only if no voucher or similar item that may be exchanged for a transit pass is readily available for direct distribution by the State of Connecticut to Participants. A voucher is not readily available if:

(i) the lowest cost monthly voucher available from a transit system has fees paid by the Employer that exceed 1% of the average annual value of the vouchers for the transit system;

(ii) multiple transit systems meet the needs of individual employees in the area and the Plan Administrator determines the average voucher from each transit system has fees paid by the Employer that exceed 1% of the average annual value of the vouchers for the transit systems; or

(iii) other restrictions effectively prevent the Employer from obtaining vouchers appropriate for distribution to employees (advance or minimum purchase requirements apply that prevent the employer from distributing monthly passes at regular intervals or in reasonable quantities, for example).

(h) Pre-paid Debit Cards. The Plan Administrator may permit the use of a Prepaid Debit cards in the manner specified in IRS Revenue Ruling 2006-57 and any superseding guidance. Each Participant is entitled to two free pre-paid debit cards. If a Participant requests additional or replacement cards, the \$5.00 fee for such cards will be deducted from his Plan account balance.

(i) Plan Administrator Procedures. The Plan Administrator may establish procedures regarding the documentation to be submitted in a claim for reimbursement and/or payment and may also establish any other procedures regarding claims for reimbursement and/or payment. Such procedures may include, without limitation, requirements to submit claims periodically throughout the Plan Year.

5.02 SUBSTANTIATION

The Plan Administrator shall establish a reimbursement arrangement to confirm that Participants have incurred expenses for Qualified Transportation Expenses. If no receipt or other documentation is obtained in the ordinary course of business, the Plan Administrator may accept a Participant's certification of the expense if the Plan Administrator has no reason to doubt the certification.

5.03 MINOR OR LEGALLY INCOMPETENT PAYEE

If a distribution is to be made to an individual who is either a minor or legally incompetent, the Plan Administrator may direct that such distribution be paid to the legal guardian. If a distribution is to be made to a minor and there is no legal guardian, payment may be made to a parent of such minor or a responsible adult with whom the minor maintains his residence, or to the custodian for such minor under the Uniform Transfer to Minors Act, if such is permitted by the laws of the state in which such minor resides. Such payment shall fully discharge the Plan Administrator and the State of Connecticut from further liability on account thereof.

5.04 MISSING PAYEE

If the Plan Administrator is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts have been made to identify or locate such person, such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited one year after the date any such payment first became due.

ARTICLE 6 PLAN ADMINISTRATION

6.01 PLAN ADMINISTRATOR

(a) Designation. The Plan Administrator shall be specified in Article 1. In the absence of a designation in Article 1, the Plan Sponsor shall be the Plan Administrator.

(b) Authority and Responsibility of the Plan Administrator. The Plan Administrator shall have complete discretionary power and authority:

(i) to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities and inconsistencies therein and to supply omissions thereto. Any construction, interpretation or application of the Plan by the Plan Administrator shall be final, conclusive and binding;

(ii) to determine the amount, form or timing of benefits payable hereunder and the recipient thereof and to resolve any claim for benefits in accordance with Article 5;

(iii) to determine the amount and manner of any allocations hereunder;

(iv) to maintain and preserve records relating to the Plan;

(v) to prepare and furnish all information and notices required under applicable law or the provisions of this Plan;

(vi) to prepare and file or publish with the Secretary of the Treasury, their delegates and all other appropriate government officials all reports and other information required under law to be so filed or published;

(vii) to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable;

(viii) to determine all questions of the eligibility of Employees and of the status of rights of Participants;

(ix) to adjust Accounts in order to correct errors or omissions;

(x) to determine the validity of any judicial order;

(xi) to retain records of elections and waivers by Participants;

(xii) to supply such information to any person as may be required;

(xiii) to perform such other functions and duties as are set forth in the Plan that are not specifically given to any other person.

(c) Procedures. The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate for the administration of the Plan. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished to it. The Plan Administrator's decisions shall be binding and conclusive as to all parties.

(d) Expenses. All direct expenses of the Plan, including monthly account maintenance fees assessed by the Plan Administrator or any other person in furtherance of their duties hereunder shall be paid or reimbursed by the State of Connecticut, except as set forth in Section 4.03 with regard to Dormant Accounts and in Section 5.01(h) with regard to issuance of replacement or supplemental Pre-paid Debit Cards

(g) Allocation of Duties. Except as provided in Section 6.01(b)(xiii), a person shall have only those specific powers, duties, responsibilities and obligations as are explicitly given him under the Plan.

ARTICLE 7
AMENDMENT AND TERMINATION

7.01 AMENDMENT

The provisions of the Plan may be amended in writing at any time and from time to time by the Plan Sponsor.

7.02 TERMINATION

It is the intention of the Plan Sponsor that this Plan will be permanent. However, the Plan Sponsor reserves the right to terminate the Plan at any time for any reason.

ARTICLE 8
MISCELLANEOUS

8.01 NONALIENATION OF BENEFITS

No Participant or beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under the Plan. No person shall have any rights to, or interest in, any Account other than as expressly authorized in the Plan.

8.02 NO RIGHT TO EMPLOYMENT

Nothing contained in this Plan shall be construed as a contract of employment between the State of Connecticut and the Participant, or as a right of any Employee to continue in the employment of the State of Connecticut, or as a limitation of the right of the State of Connecticut to discharge any of its Employees, with or without cause.

8.03 GOVERNING LAW

The Plan shall be construed in accordance with and governed by the laws of the State of Connecticut to the extent not preempted by federal law.

8.04 TAX EFFECT

The State of Connecticut does not represent or guarantee that any particular federal, state or local income, payroll, personal property or other tax consequence will result from participation in this Plan. A Participant should consult with professional tax advisors to determine the tax consequences of his or her participation.

8.05 SEVERABILITY OF PROVISIONS

If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

8.06 HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

8.07 GENDER AND NUMBER

Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

IN WITNESS WHEREOF, this Plan document is hereby executed as of the 1st day of January 2017.

State of Connecticut
Office of the State Comptroller

By: Kevin Lembo