

Is Your Section 125 Plan Compliant?

Plan Document



REVIEW ANNUALLY

The Section 125 Plan must be in writing and operate in accordance with its written plan. It should be reviewed annually by the employer, and any changes should be made and finalized in writing.



VERIFY THESE ITEMS

- Plan year
- Insurance benefits, carriers, and descriptions
- Eligibility of the insurance benefits offered under the plan
- Flexible Spending Account (FSA) minimum and maximum contributions (if offered)
- Employer and employee contributions

Plan Design



OFFER A CHOICE

A Section 125 Plan must offer a choice between at least one taxable benefit (such as salary) and one qualified benefit (such as major medical coverage).



ONLY OFFER ELIGIBLE BENEFITS

The plan must only offer eligible benefits as defined by Internal Revenue Code (IRC) regulations. These include:

- Major medical plans
- Dental plans
- Vision plans
- Cancer coverage
- Disability coverage (long and short-term)
- Certain term life insurance
- Flexible Spending Accounts (FSAs)
 - Healthcare Flexible Spending Account (HCFSA)
 - Dependent Care Account (DCA)
- Health Savings Accounts (HSAs)



MAINTAIN RECORDS OF ALL ELECTIONS

Maintain records of employee elections that show the benefits elected and waived under the Section 125 Plan.

FSA Requirements



FORFEITURE RESTRICTIONS

Plans that offer one or more FSAs must only use FSA forfeitures as the IRC regulations allow.



CLAIMS REGULATIONS

FSA claims must meet specific eligibility requirements and be properly substantiated. And, the plan cannot allow claims to be reimbursed that were incurred outside of the FSA's period of coverage.



For more information visit
americanfidelity.com/get-started
or contact your local representative today.

AMERICAN FIDELITY 
a different opinion