

## Brief Summary of the Section 125/Cafeteria Plan Rules

### SECTION 125/CAFETERIA PLAN RULES:

The Section 125/Cafeteria Plan Benefit refers to Section 125 of the Internal Revenue Code of 1978. Simply put, the Cafeteria Plan allows you to deduct certain benefit premiums from your gross earnings, before federal withholding taxes are calculated. The amount you elect to have deducted “pre-tax” lowers your taxable income.

**The plan year is September 1 through August 31.**

A benefit cannot be changed during the plan year unless you have a qualified family status change and then you have to make the change within 31 days of the qualifying event. A qualified family status change includes:

- Marriage or divorce
- Birth, adoption, or death of a spouse or child
- Change in a spouse’s or dependent’s employment status
  - Change in eligibility status of a dependent
  - Becoming Medicare eligible

### ELIGIBLE BENEFITS UNDER SECTION 125

Medical Insurance

Dental Insurance

Vision Insurance

Cancer Insurance

Heart/Stroke Insurance

Flexible Spending Accounts:

Medical Reimbursement

Dependent Care