

## Compliance Communications Section 125

Section 125 plans, or cafeteria plans, provide an easy and effective way to add employee benefits, especially for businesses with a number of employees who regularly have medical and childcare expenses. Through a Section 125 plan, employees can deduct their insurance premiums pre-tax and set aside pre-tax funds to use toward qualified medical and dependent care expenses.

A cafeteria plan must meet the specific requirements and regulations of Section 125 of the Internal Revenue Code. The written plan must specifically describe all benefits and establish rules for eligibility and elections and is the only means by which an employer can offer employees a choice between taxable and nontaxable benefits without the choice causing the benefits to become taxable.

### SERVICE DETAILS

NavigateHCR's (NHCR's) Section 125 service includes:

- Preparation of Premium Only Plan (POP) documents
- POPs allow employers to offer benefits "pre-tax"
- Preparation of required forms and consultation regarding employer administered Flexible Spending Accounts (FSAs)
- Preparation of amendments when plan changes are made
- Ongoing consultation with employer

### PENALTIES FOR NON-COMPLIANCE

Not only does a POP plan help an employer save on their payroll taxes, but there are also steep fines for noncompliance, including:

Fines of up to \$5,000 or imprisonment of up to 1 year for willful violation of ERISA provisions;

Fines of up to \$10,000 and/or imprisonment of up to 5 year for making any false statement or representation of fact, knowing it to be false, or for deliberate non disclosure of any fact required by ERISA;

The sponsoring employer could be liable for claims against the plan if the documents do not give participants accurate information regarding the plan policies.

### WHAT SETS NHCR APART FROM COMPETITION

Consultation: NHCR answers questions and consults with employers and brokers on requirements and how they apply to specific companies or situations.

Education: NHCR provides timely news updates and also regularly publishes webinars, white papers, and other educational resources.

Technology: all NHCR clients are given access to a secure web portal where they complete and submit paperwork, upload data, view forms, download notices, and more.

### HOW TO ENROLL WITH NHCR

Go to [www.navigatehcr.com](http://www.navigatehcr.com) and submit an "Interest Form" (via the blue link in the bottom right corner of the home page) or email our Care Team at [careteam@navigatehcr.com](mailto:careteam@navigatehcr.com).

### CONTACT INFORMATION

The NHCR Care Team is accessible by phone and email Monday through Friday from 8 AM to 8 PM EST. Please contact us by phone at (855) 742-7427, option 2, or by email at [careteam@navigatehcr.com](mailto:careteam@navigatehcr.com) and we will be happy to assist you with any of your compliance needs.