ALERUS

PREMIUM ONLY vs. FULL SECTION 125 PLANS

PREMIUM ONLY PLAN (POP)

- A POP document is required when any of the following benefits are offered on a pre-tax basis through payroll such as **medical**, **dental**, **vision**, and **health savings accounts** (HSAs), as well as other voluntary coverages such as **life**, **disability** (short-/long-term), and **cancer** coverages.
- The POP document and summary plan description (SPD) must be distributed to every eligible employee even if they are not electing to participate in the pre-tax benefits.
- The POP document and SPD will also outline the eligibility rules of all applicable benefits and how both employee deductions and employer contributions will be applied.

FULL SECTION 125 CAFETERIA PLAN

- A Full 125 Cafeteria (125) document is required when any of the following benefits are offered on a pre-tax basis through payroll **medical**, **dental**, **vision** and **HSAs** as well as other voluntary coverages such as **life**, **disability** (short-/long-term), and **cancer** coverages. This document also covers flexible spending accounts (FSA), dependent care (DCAP), and sometimes adoption assistance programs.
- The 125 document SPD must be distributed to every eligible employee even if they are not electing to participate in the pre-tax benefits.
- The 125 document and SPC will also outline the eligibility rules of all applicable benefits and how both employee deductions and employer contributions will be applied. This document will also include detail on how the FSA and DCAP benefit will be administrated, either in-house or by an outside vendor.

AMENDMENTS AND RESTATEMENTS TO PLAN DOCUMENTS

Plan documents of all types will require an amendment or restatement in any of the following circumstances.

- Name, address, Federal tax ID, or entity type changes
- Changing eligibility rules
- Acquisitions, including modifying affiliated employers
- Adding or taking away pre-tax benefits
- Adding or taking away employer contributions
- Changing FSA or DCAP benefits offered, annual limits, carryover, grace period, or runout timeline
- Adding or taking away FSA/DCAP debit card

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