

IRS Section 125 Cafeteria Plans Should be Updated by 1-1-2007

Employers all over the country are rushing to amend and update their Section 125 Cafeteria Plans before the New Year. Changes in IRS Section 125 tax code, revenue rulings and the law require employers to update their old plan documents for administrative purposes.

Bradenton, FL (PRWeb) December 7, 2006 -- Bradenton, Florida based Core Documents, Inc. the nation's primary source for Section 125 Cafeteria, HSA and HRA plan documents reports that employers all over the country are running out of time to amend and update their old, outdated Section 125 Cafeteria Plans. This includes: Section 125 Premium Only Plans, Health Flexible Spending Accounts and Dependent Care Assistance FSA plans.

Numerous updates in the tax code, revenue rulings and the law affect the way employers are required to administer their tax-free benefit plans. If plan documents are not updated employers risk making sensitive administrative decisions based on outdated tax law.

Today many employees are better informed about changes that affect their benefits due to information readily available on the Internet. It's not unusual for employees to know more about sensitive human resource issues than do their employers.

Core Documents has seen an increase in the number of disgruntled employees calling their offices for clarifications on issues which should be covered by their company's Section 125 Cafeteria plan document or Summary Plan Description. Many issues relate to changes in the tax code their employers are unaware of.

The IRS requires employers to maintain a written plan document and the Department of Labor requires every employee to receive a Summary Plan Description or SPD. The SPD is a summary of the Section 125 Cafeteria Plan in easy to understand language. The SPD is required to contain all the information the employee needs to file a complaint with the Department of Labor if the plan is not being administered properly.

The Department of Labor also requires that every employee receive a copy of the Section 125 SPD each time the Plan Document is changed or at least once every five years.

How long has it been since your Section 125 Cafeteria Plan Document has been updated? And, have you distributed copies of the SPD to each of your employees? In a recent interview with Gene Ennis, CFC, the President of Core Documents, Inc., he reports that employers can completely replace old and outdated plan documents and summary plan descriptions for as little as \$99 plus \$15 shipping and handling for each of the three modules. A Section 125 Cafeteria Plan is made up of three components: the Premium Only Plan module (\$99) allows employees to pretax their portion of insurance premium, the Health FSA module (\$99) which reimburses out-of-pocket medical expenses, and the Dependent Care Assistance FSA module (\$99) which can reimburse up to \$5,000 annually for daycare expenses. If all three modules are combined together employers realize a \$48 discount bringing the price to only \$249 plus \$15 shipping and handling. For more information call 888-755-3373 or go to www.CoreDocuments.com.

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