

Is Your Section 125 Plan Actually Compliant?

12 things every cafeteria plan needs. Spot the gaps in 5 minutes.

Employer: _____

Plan Year: _____

Reviewed by: _____

Date: _____

Plan Document

- Written plan document signed and dated
- Plan year, eligibility rules, and benefits listed
- Election change procedures documented (qualifying events only)
- Summary Plan Description (SPD) distributed to participants

Operations & Payroll

- Payroll system configured for pre-tax deductions
- FICA, federal, and state taxes calculated on reduced wages
- Pay stubs show pre-tax deductions correctly
- W-2 Box 1 excludes pre-tax amounts ⚠ most-missed item

Annual Maintenance

- Nondiscrimination tests run (Eligibility, Benefits, Key Employee)
- Contribution limits set for 2026: \$3,400 FSA / \$7,500 DCFSA / \$4,400 HSA single / \$8,750 HSA family
- Plan document reviewed and re-signed for any changes
- Form 5500 filed if plan has more than 100 participants ⚠ threshold easy to miss

Stuck on any of these? Talk to David.

Most employers can self-check the items above. The ones who get tripped up usually need a second set of eyes on plan documents and nondiscrimination testing. That's where David comes in.



David Toves

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David spent his career at the intersection of healthcare technology (formerly Teladoc Health) and financial services. He works directly with HR leaders and business owners to review existing Section 125 plans, flag the items above that trip most employers, and connect you to the right TPA when one is needed.

FREE, NO OBLIGATION

Schedule a 30-minute compliance review

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