

SECTION 125 / CAFETERIA PLAN

WHAT IS A CAFETERIA PLAN?

Cafeteria plans, also known as Section 125 plans (the IRS code that covers them), and flexible spending plans allow you to deduct certain amounts for benefits from your gross earnings before federal withholding taxes are figured.

Similar to a cafeteria where individuals select their food of choice, employees may choose benefits of their choice. These plans become more useful as diversity within our workforce continues to grow. For example, the benefit needs of young families may differ greatly from those of a single person.

RULES REGARDING THE PAMPA ISD SECTION 125 / CAFETERIA PLAN:

All employees must sign their Benefits Election Form every plan year, regardless of whether they are making changes or carry NO benefits. This may be done on-line or by visiting with a benefits agent. Benefits elections will remain in effect for the plan year and cannot be revoked or changed unless one of the following family status changes:

- ❖ **Marriage**
- ❖ **Divorce**
- ❖ **Birth**
- ❖ **Adoption**
- ❖ **Death**
- ❖ **Termination or change in spouse's employment**
- ❖ **Change in eligibility status of a dependent**

It is also possible to change you medical coverage if there is a substantial increase in the premium and you have like coverage elsewhere.

