



## CHANGE OF ELECTION DUE TO CHANGE IN STATUS (PER IRS REGULATIONS)

The regulations permit a participant to **revoke** an existing election and to make a new election for the remaining portion of the year due to certain events (“Change in Status Elections”).

1. **Cost Changes:** If the cost of a health plan provided by a third party provider increases or decreases, the plan may automatically increase or decrease participant’s contributions (Premium Conversion Only). If the cost of providing dependent care changes outside of the participant’s control the participant may make a new election for the Dependent Care Flexible Spending Account. Cost changes do not apply to Health FSAs.
2. **Coverage Changes:** If the coverage under a health plan is curtailed or ceases, the participants may revoke their elections and receive coverage under another health plan (Adjust the premiums only- **not** the Medical Reimbursement Accounts- consistent with the change in coverage). A change in provider or in hours of dependent care may allow for a Day Care FSA change.
3. **Changes in Status (SUBJECT TO Consistency Rules as defined in #4):** A participant may revoke a benefit election and make a new election for the remaining portion of the plan year. Examples are:
  - a) Marriage, divorce, legal separation, or annulment.
  - b) Change in number of dependents, including birth, adoption, placement for adoption, or death of a dependent (includes spouse).
  - c) Change in work schedule, including an increase or decrease in the number of hours of employment by the employee, spouse or dependent, including a switch between full-time and part-time status, a strike or lockout, or commencement or return from an unpaid leave of absence.
  - d) The dependent satisfies or ceases to satisfy the requirements for unmarried dependents. An event that causes an employee’s dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status or any similar circumstances as provided under the accident or health plan under which the employee receives coverage.
  - e) A change in the place of residence or work site of the employee, spouse, or dependent.
4. **CONSISTENCY RULES:** The flex plan election changes must be consistent with the change in status. The change in status must result in the employee, spouse, or dependent gaining or losing eligibility for coverage under the employee’s flex plan or the health plan of the spouse’s or dependent’s employer. **In addition, the election change must correspond with the gain or loss of that coverage.**
5. **Separation from Service:** If the employee revokes existing elections and terminates the receipt of benefits for the remainder of the plan year, then the employee is **prohibited** from making new elections should they return to service.
6. **Cessation of Required Contributions:** A benefit will cease to be provided if the employee fails to make the required premium payments with respect to the benefit.

**IMPORTANT –Employer is required to offer continuation of coverage under a healthcare flexible spending account only when the healthcare flexible spending account is under spent**