

## Section 125 Application

Name of Organization: \_\_\_\_\_  
(Enter exactly as name appears on tax returns and is to appear in the documents)

Federal Employer ID Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Street Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Tax Filing Status:  Corporation  Sub-Chapter "S" Corporation  LLC  Partnership

Sole Proprietorship  Professional  Corporation  Government Agency  Other \_\_\_\_\_

Nature of business: \_\_\_\_\_

If you have ownership in another business please list company name and federal Id Number:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

The employer/ organization is operating pursuant to the laws of the state of \_\_\_\_\_

List Payroll Frequency(s): \_\_\_\_\_ Weekly \_\_\_\_\_ Bi-weekly \_\_\_\_\_ Semi-monthly \_\_\_\_\_ Monthly

Benefits Contact: Name: \_\_\_\_\_ Title: \_\_\_\_\_

E-mail: \_\_\_\_\_

### **Plan Elections**

**CPS first year administration shall begin:**

Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_  
(Note all Flex plans end December 31)

**Previous History Plans:**  
(with your former administrator)

If you had a previous plan please indicate the

First initial plan date: \_\_\_\_\_

If unsure of the history date- please indicate 502 Plan.

**1. Plan Entry Date:**

**Employees eligible to participate may become Participants:**

Please indicate Group Insurance Waiting Period? \_\_\_\_\_

Please indicate number of hours worked to be eligible for group insurance \_\_\_\_\_

**Available Benefits**

**Select the benefits that will be offered Pre-taxed**

Medical       Dental

Disability Benefits       Cancer Insurance       Term Life

**Massachusetts- Health Reform- Section 125 Exclusions**

- Employees less than 18 years of age
- Part-time Employees expected to work less than **64 hours per month.**
- Commission sales persons.
- Any Employee of the Employer who is included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers unless the collective bargaining agreement requires the employee to be included within the Plan.
- Any Employee who is temporary
- Employees who are considered wait staff, service employees or service bartenders (as defined in M.G.L. c. 149 Section 152A) **and who earn, on average, less than \$400 in monthly payroll wages.**
- Seasonal Employees who are international workers with either a U.S. J-1 student visa, or a U.S. H2B visa and who are also enrolled in travel health insurance.
- Student Employees who are employed as interns
- Any Leased Employee.
- Nonresident Aliens.
- Other: \_\_\_\_\_.

**These are the standard types of employees that you may exclude from the pretax plan.**

## Section 125 Testing Page

**List all the owners their percentage of ownership**

Name: \_\_\_\_\_ Percent: \_\_\_\_\_

Name: \_\_\_\_\_ Percent: \_\_\_\_\_

Name: \_\_\_\_\_ Percent: \_\_\_\_\_

**A. List all employees with more than 1% ownership and annual compensations greater than \$ 150,000**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

**B. List all owner(s) family members: (that are on the payroll.)**

Name: \_\_\_\_\_ Relationship \_\_\_\_\_

Name: \_\_\_\_\_ Relationship \_\_\_\_\_

**C. List all the employees who, during the current plan year were officers.**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Benefits under Section 125 Plan sheltered by “Key Employees” must not exceed 25% of the total amount sheltered by all employees in order for your Section 125 Plan to be in compliance with Federal Regulations.

Key Employees are defined as:

- A. Any officer with an annual compensation of \$ 145,000 or more during the plan year.
- B. Any employee owning 5% or more of the Company during the plan year or preceding plan year. Due to the family attribution rules, family member will be treated as if they had ownership and will be tested as Key Employees.
- C. Any employee owning 1% or more of the company with an annual compensation of \$ 150,000 or more.
- D. Highly compensated employees are defined as any employee owning 5% or more of the Company during the plan year or prior plan year or earning \$100,000 in the prior year.

**Partners, LLC Owners and “S” Corporation stockholders in excess of 2% of ownership as well as spouses are not eligible to participate in a Section 125 Plans. Due to the family attribution rules, other family members will be treated as if they had ownership and cannot participate in a Section 125 Plan. (Sole Proprietors cannot participate but spouses and family members are allowed to participate however they will be treated as “key employees”).**