Cafeteria Plans

Information for Employers Participating in the Concordia Health Plan
What is a Cafeteria Plan?

A Cafeteria Plan is a *written* plan maintained by an employer for its workers that is administered in compliance with the requirements and regulations of Section 125 of the Internal Revenue Code. A Cafeteria Plan must be established so that workers can have deductions taken from their paychecks on a pre-tax basis.

**Employer Responsibilities**

In order to offer workers the benefits of pre-tax deductions, employers are required to follow certain IRS tax code regulations in terms of design, communication and program administration. This overview is designed to help you understand these rules and your obligations regarding Cafeteria Plans.

Cafeteria Plan documents should be reviewed annually and updated any time the employer group or the IRS makes changes that impact the Cafeteria Plan.

**No Annual Fee for the Employer**

There will be no annual fee charged to the employer for Cafeteria Plan documents provided by SelectAccount and Kaiser Permanente for employers using their flexible spending accounts or health savings accounts. Concordia Plan Services pays any associated fees as an added service to employers.
Two Types of Cafeteria Plans

Premium Only Plan
A Premium Only Plan allows workers to have their portion of health plan contributions paid through pre-tax payroll deduction. The worker saves federal and state income tax, if applicable, on the deduction amount. The worker and employer both save Social Security and Medicare taxes on the pre-tax payroll deduction.

Concordia Plan Services offers a Cafeteria Plan document that is specifically for Premium Only Plan administration. If you do not wish to offer pre-tax FSAs or HSAs, but want to offer a Premium Only Plan to collect the workers’ share of health plan contributions, you can set up a Cafeteria Plan for just this purpose. Visit ConcordiaPlans.org and search “11074 Cafeteria Plan - 2017” or call Concordia Plan Services at 888-927-7526. There is no fee associated with using the Premium Only Plan available on our website.

FSA/HSA Plan
An FSA/HSA Cafeteria Plan is required to collect workers’ contributions (through payroll deduction) for an FSA or HSA on a pre-tax basis. Contributions to these accounts can be used to pay for qualified medical FSA, dependent care FSA-only expenses or HSA with pre-tax dollars.

SelectAccount and Kaiser Permanente offer Cafeteria Plan document administration to The Lutheran Church—Missouri Synod employers participating in the Concordia Health Plan for FSA and HSA pre-tax payroll deductions (which can also include CHP contribution payroll deductions—as described in the Premium Only Plan section—if desired).

Required Documents
(apply to Premium Only Plan and FSA/HSA plans)
The Cafeteria Plan must be administered in accordance with the written plan terms. The documents provided through Concordia Plan Services (solely for Premium Only Plans) or SelectAccount or Kaiser Permanente (for FSA/HSA plans or FSA/HSA plans with Premium Only Plans) help ensure that these requirements are met. They also help ensure that both SelectAccount or Kaiser Permanente and the employers administer the accounts according to the regulations.
Frequently Asked Questions

I am offering an HSA to my workers. The church will be paying the premiums and fully funding each HSA. Does a Cafeteria Plan need to be established?
No. Since there will be no payroll deductions on a pre-tax basis, Cafeteria Plan documents are not necessary.

I am a self-employed pastor. Can I participate in a Cafeteria Plan?
Yes, the IRS defines special rules for self-employed pastors. For the purposes of the benefits discussed here, they are considered employees.

We offer an FSA to our workers, but the church pays the CHP contributions. Why did I get POP documents?
Premium Only Plan documents are part of the overall cafeteria program materials. The Premium Only Plan document allows pre-tax deductions to be taken for premiums but does not require it if workers do not share in the cost of their coverage.

If you have additional questions, please contact our office at 888-927-7526 or info@ConcordiaPlans.org. You may also contact the SelectAccount Employer Spending Account Help Line at 866-309-8916 or the Kaiser Permanente Help Line at 404-364-7352.