

Dear Member:

Thank you for giving us the opportunity to provide you with your Section 125-Cafeteria Plan documents so that you can comply with IRS requirements when deducting pre-tax premium dollars from your employees payroll. It is important to note that this document would normally cost you up to \$5,000 per plan, however, because you are a member of the Association, it is a complimentary service.

In order to comply with IRS requirements, any company must complete a Section 125 Plan Document and follow the steps below which allows pre-tax employee contributions for your health and various other benefits.

Action Items to obtain your plan documents are as follows:

1. Complete your **Adoption Agreement** either by mail or online at www.michbusiness.org.
2. Once we receive your Adoption Agreement, we will then send you your **Plan Document for Code Section 125-Cafeteria Plan**, please ensure a signature is on the returned Adoption Agreement document and place in your Human Resource records.
3. You must file a **Board Resolution** to approve your new or revised Section 125 document and please ensure signatures of the appropriate board members of your company. This also gets filed with the Plan Document and these documents make your Section 125 complete.
4. During enrollment of your plan, you must have employees complete a **Payroll Deduction Agreement**. These records should go into their employee benefit files in Human Resources.
5. We have included other documents to help protect you legally as added value of being an Association member. These documents are optional, but we recommend that you use them so you are properly protected under the law. They include:
 - Employee Waiver of Group Health Plan Coverage:**
 - This validates that an employee waived their right to participate in your health plan.
 - Summary of the Value of a Section 125**
 - This document helps explain the benefit and the savings of pre-tax deductions for your employees

Please use the attached check sheet to assist you in the steps necessary to be IRS compliant. We appreciate this opportunity and please do not hesitate to contact our office at 888-277-6464 if you need assistance.

Sincerely,



Jennifer Kluge
Executive President & CEO

Company Section 125 Check Sheet:

This procedure is followed any time there is a plan change at the company. As long as there are no changes to the benefits structure at the company, there is no need to file a new Section 125 document and process. All employee documents should be included in new hire and benefit open enrollment materials. Revised Adoption Agreements can be submitted to the Association offices as needed so that we can send you updated plan documents that are legally compliant.

Company Completed Documentation

- _____ Adoption Agreement submitted to Association Offices. - REQUIRED
- _____ Adoption Agreement and Basic Plan Document for the Code Section 125-Cafeteria Plan is file in Human Resource legal records with appropriate signatures. - REQUIRED
- _____ The company Board of Directors signed and approved the Resolution approving the Code Section 125-Cafeteria Plan and a copy is kept with the plan document legal files. - REQUIRED

Employee Completed Documentation

- _____ Employee Enrollment and Payroll Deduction Agreements are completed and signed by all employees that currently have premiums taken out pre-tax of their paychecks. - REQUIRED
- _____ Employee Enrollment and Payroll Deduction Agreements are safely filed in Human Resource legal records with appropriate signatures. - REQUIRED
- _____ Any employee that is not on the company's health plan and has waived coverage signed the waiver form. - RECOMMENDED
- _____ Employee Summary of the Section 125 and the tax advantages distributed to employees who have benefits deducted from payroll pre-tax. - RECOMMENDED