

A “Change in Status” Can Allow Mid-Year Change

Annual elections for pre-tax insurance and FSA benefits are made prior to the beginning of each plan year and are irrevocable thereafter; however, exceptions may occur as a result of a Change in Status.

1) What is a Change in Status?

A Change in Status is one of several events recognized by tax regulations which allows a participant to alter the Annual Benefit Election. The six Change in Status categories are:

- Change in employee’s legal marital status
- Change in number of dependents
- Change in employment status
- Dependent satisfies or ceases to satisfy the dependent eligibility requirement
- Residence change
- Adoption assistance



2) What Changes Can be Made?

If the plan document allows and the request meets the Consistency Rule (below), the participant may revoke an election and make a new election for the balance of the plan year.

3) What is the Consistency Rule?

The Consistency Rule generally specifies that the requested change must be “on account of and corresponds with a change in status”. In other words, it must be logically correlated with the event. The IRS has constructed a strict list of permitted changes that it deems consistent with each event. There is little discretionary latitude.

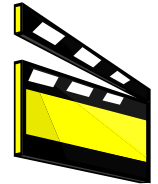
4) What Procedure Should be Followed?

Within 30 days of the event, the participant should submit a signed Change in Status Request form to their company Benefits Administrator, who in turn forwards it to **ProBenefits**.

Quickies

♦ Email Claims Verification

Within 2 working days of receiving an FSA claim, **ProBenefits** will send an Email Verification to the claimant, advising of the outcome of the claim adjudication. [[More Info](#)]



Your Questions Answered

An employee got divorced during the plan year. Though he “lost” a dependent, he wants to add coverage by enrolling in the Medical FSA for the first time. Is this permitted?

Though adding new coverage seems inconsistent with losing a dependent, it is nevertheless possible that this Change in Status request could be granted. Here is the logic in this situation:

- A “Change in Status” occurred as a result of a change in legal marital status (the divorce).
- The Consistency Rule may be met if, as a result of the divorce, the employee lost coverage under his former spouse’s plan.

Example: Your employee may have been covered under his former spouse’s Medical FSA. After the divorce, he is no longer eligible for her FSA. Since this constitutes a loss of coverage, he may enroll in your Medical FSA.

The question is often asked, “Can a non-participant enroll for the first time in an FSA as a result of a Change in Status, or does such a change only allow existing enrollees to change their election?”

This depends on how the plan document is written. Documents provided by **ProBenefits** do allow initial enrollments triggered by Change in Status events. Click [here](#) for more Status Change info.

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