

What changes in an employee's status need to be reported to CSI?

Benefit elections must generally be made for a period of twelve (12) months (may be shorter in the case of a short Plan Year) and cannot be changed during that period unless the employee has an IRS “change in status.” Elections must be changed within thirty (30) days of the change in status. Also, the election change must be due to, and on account of, the change in status event. The list of permissible events is as follows:

- a. **New hire**
 1. Determine eligibility (see section 2, Eligibility)
 2. If eligible, give the employee a flexible benefits brochure with a worksheet and enrollment form.

- b. **Change in salary**

Does not affect the CSI Flexible Benefits Plan.

- c. **Change in legal marital status**
 1. Marriage: submit a [Change in Benefit Election Form](#) to CSI.
 2. Death of spouse: submit a [Change in Benefit Election Form](#) to CSI.
 3. Divorce/legal separation: submit [Change in Benefit Election Form](#) to CSI.

- d. **Change in number of dependents**
 1. *Definition of dependent*: “dependent” is formally defined in the final regulations to be a tax dependent. Gaining or losing an individual that is not a tax dependent will not generally allow an election change. The preamble to the regulation notes that the IRS considered the fact that this rule would not allow election changes for non-tax dependents, such as parents, domestic partners, and children of domestic partners.
 2. *Increase in number of dependents*: includes birth, adoption, and placement for adoption. An employee may also add coverage for a dependent that becomes eligible upon beginning school.
 3. *Decrease in number of dependents*: an event that causes the dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, gain or loss of student status, marriage or any similar circumstances may allow an election change. If a dependent becomes ineligible for coverage due to the attainment of a certain age, marriage or loss of student status, then the employee may change his or her election to drop the dependent.

e. Termination of employment or death of employee

1. If the participant terminates employment, and is rehired within 30 days, the employee can return to the Plan at the same level as prior to termination. If the employee is rehired after 30 days (and within the same Plan Year), the Plan allows him/her to pay his/her premium contribution on a pre-tax basis, but requires that he/she not enroll in the flexible spending account plan until the beginning of the next Plan Year.
2. Since the health care FSA qualifies as a group health plan under COBRA, employees who participate in this account and terminate employment should be notified of their COBRA rights.
3. If an employee terminates employment or dies, coverage in the health care FSA will terminate on the date on which termination or death occurs. Any health care expenses incurred prior to the termination of coverage will continue to be reimbursed. Expenses incurred during the Plan Year (even after date of termination) in the dependent care spending account will continue to be reimbursed as long as they are employment-related. Amounts remaining at the end of the Plan Year will be forfeited in accordance with the "use it or lose it" rule.

f. Leave of absence

Call CSI.

g. Retirement

Retired participants are not eligible to participate in the Plan.

h. Change in level of employment

1. Any of the following events that change the employment status of the employee, the employee's spouse or the employee's dependent would qualify: a termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; and a change in work site. In addition, if the eligibility conditions of the benefit plan of the employer of the employee, spouse or dependent depend on the employment status with the consequence that the individual becomes (or ceases to be) eligible under the Plan, then that change constitutes a change in employment. For example, if a Plan covers only salaried employees, and an employee switches from salaried to hourly-paid with the consequence that the employee ceases to be eligible for the salaried Plan, then that change constitutes a change in employment status.
2. It is significant to note that this category would not apply if benefit eligibility is not gained or lost as result of the event. For example, an individual who moves from full-time to part-time employment status would not be able to change his or her election for health coverage under this rule if benefit eligibility remains the same.

i. Residence change

This category refers to a change in the place of residence of an employee, spouse or dependent. It is particularly important to remember that the residence change must affect the employee's eligibility for coverage—i.e., an employee could not drop health coverage merely because he or she moved unless, as a result of the move, the employee is no longer eligible for such health coverage.

j. Disability

Call CSI.

k. Annual enrollment

1. Employees must enroll and make benefit elections annually prior to the beginning of the Plan Year. The elections and salary reductions are for the twelve (12) month period of the Plan Year. Once the

employee decides on the amount of salary to be allocated to the benefit categories of his or her choice, the elections cannot be changed during the Plan Year unless the change is due and consistent with a change in status as described above. Also bearing in mind the "use it or lose it" rule, it is important that employees be encouraged to evaluate their elections carefully before enrolling.

2. Employees should be given one (1) to two (2) weeks to reevaluate their current needs and to complete the enrollment form. They may change the amounts and benefit categories if necessary, repeat the same elections, or withdraw from participation altogether by signing the waiver portion of the form. In any event, each eligible employee must return the completed and signed form.
3. **CSI would like to receive the enrollment forms no later than the first two weeks of August prior to the beginning of the Plan Year.**

1. **Change of beneficiary**

A change of beneficiary does not need to be reported.